# the Freeman

Ideas on Liberty

FEBRUARY 1974

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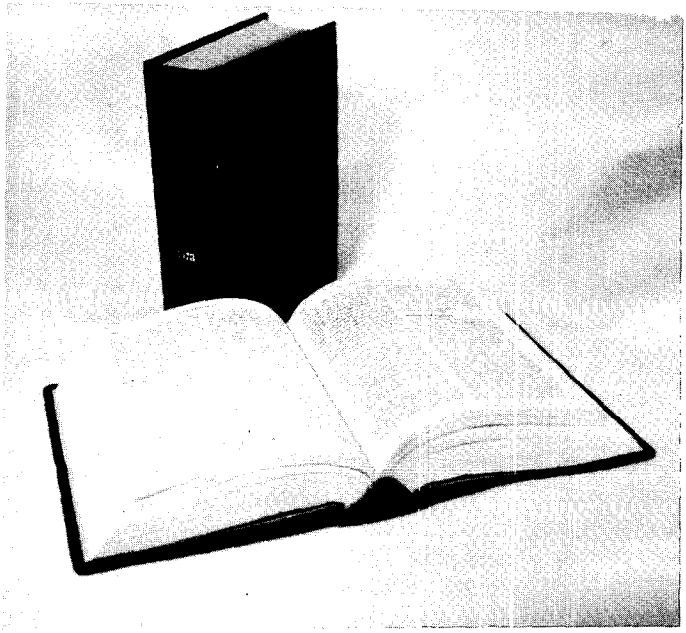

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## A MONTHLY JOURNAL OF IDEAS ON LIBERTY

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# How Not to Cure an Energy Crisis

GARY NORTH

PRESIDENT NIXON went on national television on November 7, 1973, to announce to the nation that we are in the midst of an energy crisis. He said that citizens and industry should be willing to work in 68-degree semi-comfort, thus cutting fuel use by 10 per cent. We should also drive at 50 miles per hour, thus increasing our gasoline mileage.

Since the mid-1950's, when the construction of Federal highway projects was seen as the eighth wonder of the world, we have now come full circle. Highways are bad; now we need rapid transit. Southern California, which once had a quite serviceable electric trolley car network – the Pacific Electric – now must spend billions of dollars of taxpayers' money in order to achieve as good a system as we had in 1950, before the days when government-financed "freeways" were built.

We have the best possible highways – safe at 70 miles per hour on some stretches, safe at 65 virtually everywhere. Now we are told that we should only drive 50. Of course, during the rush hours when most of the driving is done, no one really worries about driving 50; if you're lucky, you'll average 35. Freeways, being "free" to any motorist at all hours of the day, provide little economic incentive to drive at less crowded hours of the day. But you can always drive 65 miles per hour during the hours when you aren't actually on the highway. As I said, we have the best highways tax money can buy (less kickbacks in certain unmentioned states, of course).

So now Mr. Nixon says we should drive 50. Unfortunately, as General Motors President Edward N. Cole has pointed out in a letter to Sen. Jennings Randolph (November 8, 1973 release), most of our driving is done under 50 anyway – around town or on country roads. United States Department of Transportation data indicate that only about 42 per cent of the driving is done at speeds of over

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Dr. North, economist, lecturer, author, currently is an associate of Chalcedon, an educational organization dedicated to Christian research and writing. His latest book is *An Introduction to Christian Economics*, Craig Press, 1973.



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50 – and I wonder if this takes into account the driving done at under 50 during traffic jams on the superhighways. So the new speed restrictions, even if imposed in all states, even if obeyed by drivers used to 70 miles per hour driving, even if enforced by overtaxed highway patrols, would only save the nation 45 million barrels of crude oil annually, or about two and a half days' worth of consumption. Terrific!

### *Effect of New Speed Limits on the Trucking Industry*

Then, of course, there is the effect the new speed limits will have on the trucking industry. Shipments will be delayed, since truckers will not be able to drive at the higher speeds. This is not a pleasant prospect, given the potential danger of a breakdown in train transport in the northeast section of the nation. Government regulations over rail transport, coupled with near-monopoly status of the "favored" railroads, now offer us another crisis. Some cities face both power shortages and shortages of other goods and services. Government regulations are like stones tossed into pools of water; they create ripple effects that not even the most sophisticated computer predictions can foresee. Government agencies toss in great handfuls daily.

So we return to the first half of the proposed crisis cure: restrictions, voluntarily imposed, on energy use. We turn off all neon signs, for example, as they have done in Oregon cities. A spokesman for the Outdoor Advertising Association of America informs us that this will save about 1 per cent of all electricity used in the country. With all gasoline signs off in the evening, it's a good thing that our faithful motorist is holding his speed to a fuel-conserving 50; he's going to need those extra miles for his search for an open gas station. Most won't be open anyway, I presume, since the gasoline shortage encourages them to shut down after 6 p.m., but without brightly lighted signs, motorists will be hard-pressed to tell the open from the closed stations. This will, no doubt, encourage people to do their driving before evening, thus clogging the "freeways" even more during the peak hours.

Washington's response? Another handful of stones.

What about voluntary restraint on heating homes and businesses? Perhaps it may be healthier. It may encourage higher output. But why should a firm or a housewife keep the temperature down? By their own demonstrated preference, people like warmer climatic conditions in the winter, cooler in

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the summer. Each man will always have that nagging doubt: I'm living less comfortably, but what about everyone else? What good does one uncomfortable family (or work crew) count in a nation of millions?

### *Not Much Difference*

Indeed, the problem is very much like the smog problem or the traffic jam problem. How much pollution or how much used-up space will one additional automobile cause? An infinitesimal quantity, obviously. Literally unmeasurable by macro-economic tools. Each family or each driver or each business concludes that his presence or his use of power won't make that much difference. Each person is absolutely correct; it won't make much difference. All those micro decisions, however, produce macro crises in today's world.

Yet, in other areas of our lives, the micro decisions do not produce macro crises. The newspaper boy fails to deliver a paper one day. This is an inconvenience, but not a disaster. You can call up the local distributor, and a man will send out the paper. If this happens too often, there is an economic incentive for you to take another newspaper. The newspaper managers know this, so they take care to organize their staffs so that the paper does get delivered most of the time. It pays them to have built-in self-correction devices that operate against micro-economic errors.

A person can take an unannounced day off from work once in a while. This is a bad policy morally – a person is not fulfilling the terms of his contract. But if the practice continues, the company will impose counter-pressures. The public's position is protected by internal company policies. Service is more constant, more predictable, which is what the public expects and pays for. There is an economic incentive for companies to see to it that micro failures do not become macro failures. And they have a reliable indicator to remind them of their task: the profit and loss statement. It works so long as there is the right to exchange property (including labor) on a market of freely changing prices.

These are outright micro failures. But what about micro decisions that should not be, in and of themselves, detrimental? Suppose pizza eaters who have for years ordered their pizzas with mushrooms should decide to order them with pepperoni. All of a sudden, pizza shops have to order more pepperonis and fewer mushrooms. As always, customers set prices. Their increased demand for

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pepperonis increases the price of the available supplies of pepperonis, for the customers are bidding (as always) against each other. Meanwhile, the price of mushrooms tends to drop, since fewer customers want to consume the available supplies of mushrooms. In a long chain of economic reactions, the costs associated with pepperoni production rise (labor, machinery, the costs of breeding more and more little pepperonis, and so on). Then entrepreneurs will concentrate their attention on increasing the supply of pepperonis more efficiently – more inexpensively – in order to reap profits. Up goes the supply of pepperonis, which is precisely what the public has demanded, while the mushroom producers are forced to cut production, freeing economic resources (such as capital) for more important uses. No "crisis" emerges – no television speeches by the President, no Congressional hearings, no paperbacks from Nader's summer vacation student lawyers – unless someone tries to impose price controls on the pepperoni industry.

***Breaking the Chain***

With price controls, however, the complex chain of economic events is disrupted: no one is quite sure just how much pepperoni should be produced or which pizza shops should get priority consideration in receiving the now short supplies – short in relation to public demand at the artificially low price of pepperoni. Soon the Italo-American Society will be picketing on the Capitol steps, the Pizza and Staw Hat Amalgamated Brotherhood will be petitioning Earl Butz, and the FDA will send out preliminary warnings against debased pepperoni quality to all the pepperoni producers of the nation. We will then have a full-blown crisis. The public will be asked to order at least one mushroom pizza for every three pepperonis, with rationing of pepperoni pizzas threatened if "voluntary" restraints – one's patriotic duty in the war against spiraling pepperoni prices – should fail. Then the Cost of Living Council will add a new department: the Pepperoni Control Division. A chain of underground black market pepperoni pizza parlors will spring up. All over America, certain unpatriotic citizens will be whispering into door-slits, "Luigi sent me." A simple shift in taste at the individual level, when coupled with price controls, can produce a national macro catastrophe. (In the midst of this crisis, no one even notices that Congress has passed, and the President has signed, an omnibus bill onto which – in section 84b – a $17,234,187.57 appropriation for

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the floundering mushroom industry has been attached.)

Therefore, we can adopt a simple (though not infallible) principle: where micro decisions produce macro crises on a regular basis, someone – probably the civil government's officials – is probably interfering with the right to exchange property (including labor) on a market of freely changing prices.

### *Who's to Blame?*

Are the Arabs cutting off our oil – variously estimated from 6 per cent of our total supplies to 12 per cent, which tells us something of the accuracy of statistical reporting – thus producing a crisis? Why didn't we have a reserve, such as the north-slope Alaskan oil? Because ecology advocates prohibited the construction of the pipe to transport it; they got government agencies to stop construction. Because ecologists stopped drilling for new oil in places like the Santa Barbara channel – again, by state interference. (This ecological activity was necessary, at least in part, because laws of property are not enforced by the courts and legislatures, thereby failing to make oil firms completely responsible financially for their own errors of judgment in not protecting the environment against oil spills.) Because interference in capital markets by governments makes it more difficult for newer, smaller, innovative firms to gain needed capital to develop alternative power sources.[1] Because government bureaucrats interfere with licensing of alternative power sources (yes, even non-polluting systems) already developed. In other words, because of a massive list of statist "becauses."

Are persons using too much energy, that is, more than this week's crisis mentality in Washington would prefer? Well, why not? The governments have subsidized cheap power for years. They have not permitted public utilities – themselves the monopolistic creations of governments – to raise prices on their various products. So the public has accepted as valid economically the one indicator they have to measure the value of the energy source, that is, the cost-per-unit consumed. The government has deliberately subsidized the public by keeping prices lower than the companies have insisted was necessary. So the companies have not been able to afford to hire the best people available. In some cases, they have found it necessary to keep older, less efficient equipment, having it repaired by less skillful

[1] James Mofsky, "Blue Sky Restrictions on New Business Promotions," *Duke Law Review* (July, 1969)

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repairmen on their staffs. They have found it difficult to raise capital on the free market, for their bonds are rated low (and therefore the interest they must offer to pay must be higher) because some local public utilities commissions have had their eyes on the ballot box instead of the scarcity of capital.

### *Shielded from Competition*

Then, of course, there is the inefficiency of managements that are shielded from free competition. For years they have faced political battles with the public utilities commissions instead of economic battles with competitors that might otherwise have been able to enter the market. Who can say what alternatives might have been developed? Who can estimate the loss of efficiency that has come about because newer, more creative, innovative firms have been kept out of monopolistic, government-created closed markets?

The public supposedly has been protected by these various power monopolies. Now the government finds that the public must co-operate in order to make the jerry-built government monopolies work more or less successfully. But the public is not given an economic incentive to co-operate. Are electricity rates boosted sufficiently to cut down the consumption of electricity? No, indeed; that might be politically dangerous! So we go to voluntary controls in the name of the national emergency. They are too much like the "voluntary price guidelines" that were scrapped on August 15, 1971. We co-operate voluntarily, or else . . . rationing. Nice, inefficient, unpleasant, jerry-built, creaking, black-market creating, bureaucratic power-enhancing rationing. All in the name of consumer protection.

There is another consequence of "voluntary" controls to consider. Citizens are asked to cut back on their consumption of power. They are asked to do this in the name of patriotism in order to deal with a national emergency. Before this crisis, individuals were free to use up as much power as they chose, so long as they were willing to pay for it. No one worried about what his neighbor might think about the "morality" of a home heated to 75 degrees. With free pricing, the expenses associated with such physical comfort would have to be borne by the user. But today men are warned that those who keep their homes warmed are unpatriotic, even immoral. They are encouraged to regard their neighbors with suspicion. They are made to feel guilty. Exceedingly ugly circumstances may arise – indeed, are now arising – when someone in a neighborhood wants to put up the tradi-

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tional Christmas lights or floodlights for home protection.

The macro-crisis has been nationalized officially; micro-decisions are now a part of the public morality, and hence the pressures of public opinion are brought to bear on "deviants." And as Tocqueville wrote in the 1830's, few things in social life count as highly or are as uncompromising as public opinion, especially in the United States. Displays of the public morality can be irrational and very insensitive to the subtle questions of personal choice. Mobs are not easy to reason with. Hysterical neighbors are not inclined to listen to marginal utility analysis. Yet the daily press reports an endless stream of statements from public officials that is creating a vigilante mentality among the public. The colder the temperature, the hotter the unleashed emotions.

So now, instead of producers competing in order to give the customers what they want, we see the incredible spectacle of gasoline companies telling customers to walk more or to ride the bus! They spend millions of dollars to buy television advertising to ask us not to use their products! And because of the threat of direct rationing and the creation of a "temporary emergency control board," this advertising may be well spent by the oil companies. The competition we see now is not between the gas company and the electric company, but between the ecologists' political bloc and the energy-crisis political bloc. This, it should be noted, is precisely what Soviet Russia has developed: the only competition is that between government bureaucratic agencies. The consumer simply hopes and prays that the system will operate after the political dust has cleared, or at least has settled into another province's back yard.

The answer to the macro-economic crises lies in the re-establishment of the free mobility of risk-capital, the free bargaining of private citizens with each other, the free mobility of prices, and the eradication of "free" goods and the fallacious philosophy which undergirds them, whether in this country, Libya, Venezuela, or Japan. Let the free market do the micro-economic rationing efficiently, and we will not need to be burdened with the ghastly inefficiency of state-wide or Federal economic planning. Micro-economic decision-making is the primary device for keeping crises on a micro level. At least, under micro-economic crises, someone gives me a direct incentive for sitting in 68-degree semi-comfort: I don't wind up with a monthly bill that produces 72-degree financial discomfort.

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# Our LIVES and GOODS

RALPH BRADFORD

CHARLES THE FIRST of England was in many respects a bad king and an uninspiring man. Certainly he can not be held up as a shining example, either of ethical understanding or princely conduct.

But every man has his moment of truth, and Charles achieved his one grim day in 1649, on a scaffold at Whitehall. There he spoke briefly as he faced his executioners, making his profession of innocence and his confession of faith. And there was another matter on his mind.

"For the people," he said, "truly I desire their liberty and freedom as much as anybody whatsoever; but I must tell you that their liberty and freedom consists in having those laws by which their lives and goods may be most their own."

*Those laws by which their lives and goods may be most their own!*

What better statement could be made concerning the proper end and aim of law and government? What happier expression could be found as to the nature of liberty? True, it is not couched in elevated language. There is no oratorical effect. After all, in just a few moments the weary prince was to kneel before the headsman's axe. It was not a time for the careful choice of language. But as a formulation of freedom's essence those words are hard to improve upon or equal. In the current jargon, Charles had put it all together.

"Oh Liberty! How many crimes are committed in thy name!" So spoke Madame Roland, also from the scaffold – or rather from the guillotine, for the scene was Paris. The doomed lady was no doubt correct in her bitter and much-quoted apostrophe – and the crimes committed in Liberty's name have been rhetorical and literary as well as extra-legal and inhumane.

Mr. Bradford is well known as a writer, speaker, and business organization consultant. He now lives in Ocala, Florida.



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### *Freedom Personified*

A great deal of very high-flown rhetoric has been expended on the theme of liberty and freedom. Milton envisaged liberty as a beautiful mountain nymph. Pope sighed for "a hollow tree, a crust of bread and liberty." Thomas Campbell imagined that "Freedom shrieked as Kosciusko fell," and William Cowper insisted that Freedom "has a thousand charms to show." Freedom indeed has been personified in countless canvas and marble representations, usually as a beauteous and rather buxom female of ample charms. In New York harbor, and in a smaller rendering beside the Siene, Bartholdi's heroic sculpture presents Liberty Enlightening the World, with the Law in one hand and the torch of Freedom in the other.

And this is all to the good! The spirit of liberty, the urge to be free, has been a moving force in the life of man. He has struggled for it, dreamed about it, fought for it – and died for it. It is fitting that a thing so central and precious should be expressed oft times in ideal, artistic and symbolic terms.

But such expression, it must also be confessed, sometimes sets Liberty upon too tenuous a pedestal. It glorifies Freedom now and then beyond the recognition of men who live, after all, on a very mundane level and who, along with a keen interest in the blessing of personal freedom, are also concerned necessarily with such prosaic matters as the level of taxes and the price of beans!

### *A Condition of Life*

Freedom is indeed a noble abstraction; but it is also a condition of life – a condition that may be curtailed or denied altogether by the governmental concepts and practices under which men live. It is for this reason that these last thoughts of Charles on the scaffold are pertinent to the present scene. He was about to lose the greatest freedom of all – the freedom to live! And in that grim moment he saw with prophetic clarity that what the people of England really wanted was not alone the abstract blessings of political freedom. What they wanted, then as now, like all men everywhere, was the condition of law under which their lives and goods might be most their own.

It is an affectation of our times to pretend a lofty disdain for things material. Ardent advocates of achieving the good life for everybody through national bankruptcy speak much of "human values"; and they postulate that these are somehow superior to and at variance with material values.

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This rather etherial cliche can, of course, be easily reduced to an absurdity. For aside from the priceless benefits of political and personal liberty, the much-talked-of human values are simply matters of food, clothing, shelter, and the satisfactions of comfortable living. They are the physical conveniences of life – modern plumbing, central heat, air conditioning, radio, television, labor-saving appliances, motor cars. They are education and health. They are vacation trips and visits to the zoo. They are books and pictures. In short, they are largely things to be physically enjoyed.

Charles understood this, as did most people of his day. He was not doing any specially "advanced" thinking when he equated the possession of goods with freedom. In those times, and for long thereafter, men were not reticent about the value they placed upon what Charles called "goods" – meaning material possessions. Indeed, the very name he used for such possessions derived then as it does today from the esteem in which they have always been held. They were looked upon as good things to have; they were therefore "goods." And the right to possess and enjoy them was a basic right, essential to liberty and the full life.

What Thomas Jefferson eventually expressed as man's unalienable rights, i.e., life, liberty and the pursuit of happiness, had been rendered long before by John Locke as "life, liberty and *property*." And during the decades when the American revolt against England was slowly brewing, the same idea found expression very often in a popular newspaper slogan: "Liberty, Property – and No Stamps."

The stamps, of course, were simply an annoying infringement of the property rights which the Colonials held so dear. Eventually those bits of sticky paper came to have a symbolism and mystique of their own, especially those that were senselessly and punitively applied to tea. But at the beginning they were merely an impediment to the free exchange of goods, imposed without the consent or approval of the colonists; and as such they were roundly and properly damned.

### *The Principle of Ownership*

A point to remember is that all this represented an unabashed devotion to the principle of ownership – a devotion that man has evinced all through his history. He worked; he made things; he bartered them for other things he needed or wanted more, or for a medium of exchange (a shell, a bead, a minted coin) which he

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could use in future exchanges of like nature. And he wanted no interference with this simple and useful process of making, selling, bartering, buying and using the things he called "goods."

So it did no violence to reality for Charles to lump "goods" and life itself together as the two things men wanted to be "most their own" – by which he meant, of course, least interfered with, least minimized, least withheld and diluted by the State. For life, after all, is in itself a species of possession – the quintessential good thing that a man can call his own. To be sure, it has a mystical quality that transcends all materiality, even as it passes all understanding and defies all explanation. That a few pounds of elemental substance should by some strange alchemy coalesce into the miracle of a human life – this has always been and perhaps always will be the first and final mystery.

Confronted with this enigma, man gropes beyond the physically obvious and seeks answer in the supernatural. Unable to explain or even to comprehend the intricate processes that combine to make a man, he turns to the idea of special creation, not as a chemical formulation, but as an act of God.

Thus groping, thus hoping, man comforts and ennobles himself; and in the exercise of hope he dismisses or evades the despair of ignorance. In the end he achieves a sense of origin that transcends atom and protoplasm and relates him filially to God. He becomes the Final Result of the First Cause!

But he is also a physical animal, with every hungry cell demanding sustenance. If he does not live by bread alone neither can he subsist solely on a diet of philosophy or spiritual contemplation. Moments of ultra-physical comprehension come and go, with their ecstasies and torments; but his stomach remains fairly constant in its demands.

### *Human Nature*

So man ekes out his days and drifts finally into the limbo of things forgotten, sustained equally by his spiritual concepts and by his use and enjoyment of what he makes and earns. There is no separation or distinction of values as between the material and the "human." All his needs are human needs; and they are satisfied alike by his intellectual or spiritual perceptions, and by his ownership and consumption of the "goods" he has created or acquired.

The essential condition of freedom is not to live without fear, but to live without *unnatural* fear. That man should fear wild beasts,

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or robbers, or the scourge of pestilence – this is a natural heritage of his mortality. To fear the unknown, or adverse fortune, or pain, or death – these also are fears natural to man. But it is not natural, or should not be, to fear government, which is an instrumentality man has himself created, not for his oppression, but for his protection. To the degree that government at any time renders the citizen apprehensive as to his life and possessions, it has betrayed its purpose and disserved its sole reason for being.

The government that curtails or cancels man's right to own and enjoy his material possessions – such a government has diminished or destroyed his freedom as truly as though it had denied his right to think, or speak, or vote, or pray. Common sense and the sanction of long usage, to be sure, dictate that the citizen will surrender a portion of his earnings in return for the protection and stability of an organized society. This is the essence of the implied agreement between the citizen and the State that is known to scholars as the Social Contract.

### *The Overpowering State*

But when the State constantly takes more from the citizen than is needed for the normal act of governing; when in the name of social progress it piles debt on debt and sets the printing presses to work grinding out paper money of ever-diminishing value; when its leaders rashly undertake to substitute their puny economic guesses for the impartial wisdom of the free market; and especially when, with callous arrogance, they presume to instruct the people how their savings shall be disposed of, or whether, indeed, they shall be allowed to have any savings at all – when such usurpations occur, under whatever pretext or camouflage, then the Social Contract has been violated, and the State is no longer a government in the historic and traditional sense. Instead, it is an expensive and dangerous experimental laboratory in which the citizens not only pay the cost but serve as the guinea pigs!

### *A Legacy of Truth*

January is usually cold and raw in London, and in 1649 its last day but one was doubtless no exception. Whitehall itself was a chill and gloomy pile. Charles probably welcomed the brisk walk across from St. James, where he had been held prisoner. It is of record that he asked his guards pleasantly to "walk apace."

What were his thoughts in that last hour? Regret? Remorse? Did all his intrigues come forth to ac-

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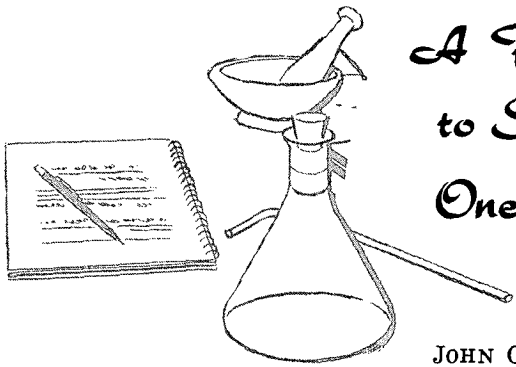
cuse him? Did he lament his own perfidy in letting the faithful Strafford go to the block? Was he sustained by the knowledge that his private life had been austere and blameless?

Who knows? He is dead now these three hundred years and more. About all we can say for sure is that he met his end well, bringing to the scaffold that day whatever of dignity and decency the fading moments of a wasted life could summon. That much . . . and also that he managed to utter one brief legacy of truth, namely –

*That our liberty and freedom consist in having those laws by which our lives and goods may be most our own!*



# A Prescription to Soothe One's Wounds

JOHN C. SPARKS

AUTHORITARIAN GOVERNMENT is well known to be the instrument by which man's freedom to act peacefully is most often hindered or prevented.

The advocate of freedom in the United States, or in any land where the government officials are elected by the democratic process, is aware of the difficulty of removing this authoritarian tendency – even in democracies. To remove totalitarianism from a democracy, the relatively few who understand why individuals should be free to make their own decisions must be able to persuade the majority of voters to the freedom point of view. To achieve such a mission may take generations, if not centuries. Small wonder that the

Mr. Sparks is an executive of an Ohio manufacturing company and a frequent contributor to *The Freeman*.

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hopes and efforts of those who love freedom often end in frustration.

The purpose here is not to divert attention from the main event. To work toward a wider understanding of the exciting freedom philosophy is of prime importance. But instead of being frustrated, let the seeker of freedom know there is an area of open opportunity to practice the basic tenets of his philosophy *without hindrance:* in his personal affairs. And to the extent that he succeeds, the rewards are most gratifying.

Suppose our freedom advocate is a family man with a wife and children. How easy and natural it would be for him to assume the role of the tyrant or dictator in his family, while fully intending to be kind and beneficent. As the total ruler of this small kingdom, his word is law, applying repeatedly to the actions of his wife, sons and daughters. Picture the stifling effect on the potential creativity of those under his thumb, as well as an absence of real love of the subjected for their ruler.

Such an atmosphere is bound to affect adversely the well-being and health of the family tyrant. Imagine the heavy and continuous responsibility of making major and minor decisions, not just for one person, but for two, three, four, or five. The burden would be heavy — and the results can be predicted: members of the family absent from home beyond normal reason, little genuine fun and relaxation, children secretive and reluctant to confide in the despot, turning for counsel or information to sources other than the home. All of these are serious reactions, but none could be termed outward revolt. Consequently, the danger exists that the life of the tyrant of the family rolls along uninterrupted while the estrangement solidifies. One by one, as they reach adulthood, the children sever all family ties, leaving the aging tyrant increasingly embittered that his children seem without any love or concern for him.

This same man who logically and clearly sees that excessive power given to men in government produces unhappiness for the oppressed citizens, seems wholly oblivious to those personal circumstances where he held a small amount of power as head of his family and used it badly to rule and dictate. Had he been able to see himself and apply the philosophy of freedom to those around him in his family, his rewards would have been full beyond all expectations.

Parental direction is an awesome responsibilty and should not

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be abdicated. But it can be done joyfully, gently, lovingly, persuasively, to yield a lifetime of pleasure and gratification.

The freedom advocate also may be in a supervisory position over employees. Again, his power can be dispensed with, or without, abrasiveness. Since his effectiveness would be adversely affected if he chooses to be an all-out tyrant boss, he may curb his tendencies to wield power ruthlessly. He may have just enough introspection to see that such action could injure his opportunities for advancement or promotion. Unless he owns his business, failure to understand and control his use of power could lead to his early dismissal. Even a business owner can ill afford to be a tyrant over his employees, although his harvest of resentment and lost production may not be immediately apparent.

Although this advocate of freedom may discern clearly the evils of power-mad governmental officials, he may at the same time fail to perceive the similar error in the heavy-handed way he employs power personally. It is appropriate that a supervisor instruct and provide direction for subordinates. If he can do this in an atmosphere of freedom, he may then be able to tap the latent creativity of the people who work with him, and encourage its flow, thus enjoying the good will and well-wishes of his colleagues.

From one's personal life, therefore, can come the healthful satisfaction of practicing freedom among those over whom one has the power to demand submission.

Freedom applied in his personal life can do much to soothe the wounds of the freedom advocate as he is outraged by the oppressiveness of big government. As a matter of fact, he may find that minding his own business is quite a happy and rewarding way of life.

IDEAS ON LIBERTY

***Self-Development Is Our Job***

THE WORLD is full of problems, but most of them are man-made, and essentially unimportant. They do not belong to the eternal verities; many of them are petty side issues and not even en route to the great achievement. There is only one major problem in the whole world, and that is the salvation of the individual soul.

HANFORD HENDERSON, "To Find the Way Out"

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# The Public Interest of Private Enterprise – and the Private Interest of Public Policy

WILLIAM H. PETERSON

Politics is the conduct of public affairs for private advantage.
*Ambrose Bierce*

*public (pŭb/lĭk), adj. 1. Of or pertaining to the people; relating to, belonging to, or affecting a nation, state, or community at large; — opposed to* private. *2. Open to common or general use, enjoyment, etc.; as a* public *meeting. 3. Open to the knowledge or view of all; generally seen, known or heard.*

*private (prī/vĭt), adj. 1. Belonging to, or concerning, an individual; personal; one's own; not general or common; as* private *property or opinions. 2. Sequestered; secluded; as, to wish to be* private. *3. Not public in nature; not in public life or under public control; as,* private *schools or citizens.*

—Webster's New Collegiate Dictionary

ONE of the unsettling incongruities of the 20th Century lies in the mislabelings, semantic inversions and twisted meanings thrust on a host of everyday words – a thrust which has garbled communications no end and trapped us in a lot of false notions and *un*public public policies. Orwell illustrated this Newspeak problem beautifully in *1984* and *Animal Farm.*

Take the world *liberal,* for example, whose modern meaning denotes an advocate of big government but whose root is the Latin *liber* – i.e., free. So originally a liberal was a liberator, a minimizer of government's role, or, more pre-

Dr. Peterson is a government economist presently on leave to work at a book on economic reasoning based on the theories of the late Ludwig von Mises.



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cisely, an advocate of freedom. In political terms, 18th Century liberals like John Locke and David Hume sought to limit the power of government so as to maximize the freedom of the individual. John Locke, for example, held in his *Second Treatise on Civil Government* that the only function of government was the protection of property, which he broadly defined to include life and liberty.

In economic terms, early liberal economists like French physiocrats Francois Quesnay and Jean Vincent de Gournay and classical economists Adam Smith and David Ricardo called for *laissez faire* (then essentially meaning free trade but bastardized today into something bordering on economic anarchy). To enhance in particular the royal tax take and in general the wealth of nations (the phrase is of course Smith's) they wanted to cut back the over-extended and self-defeating policies of mercantilism – the very policies which touched off the Boston Tea Party and the American Revolution.

But as Webster's foregoing definitions indicate, the semantic trap is perhaps nowhere better seen in the two everyday supposed antonyms, *public* and *private*, as in public schools and private corporations. Public suggests something open, social, above-board, altruistic, operated on a non-profit basis. Private, on the other hand, suggests something closed, asocial, secretive, self-interested, operated for profit (yet another word in disrepute).

### *Shame on You!*

No wonder, then, private corporations are prodded to think of the public interest, of their Social Responsibility instead of their present self-interest. Accordingly, corporate owners and managers are reminded of their great wealth and power and are exhorted, if not admonished: Consider social indicators, engage in social accounting, be mindful of our national objectives. In other words, don't just stand there but do something constructive on poverty, education, crime, alienation, ecology, conservation, consumerism, occupational safety, job monotony, women's rights, racial discrimination, urban renewal, cultural deprivation, economic development at home and abroad. This list of sins of commission and omission and kind of when-are-you-going-to-stop-beating-your-wife indictment could be extended and certainly will be as our troubled times roll on.

Indeed, some of the exhorters and admonishers have tacked on a Social Engineering Thesis to the Social Responsibility Thesis; they hold that if we can find the tech-

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nology to get to the moon with a systems approach, so with linear programming and operations research we can crack the social problems of, say poverty or urban decay or – what have you? All it takes is less private interest and more public interest; all it takes is will – in the case of Social Responsibility, corporate will.

Economist Milton Friedman is one man who has rejected this thesis of Social Responsibility, saying that businessmen should stick to their private knitting, worry about their stockholders and concentrate on making profits. The unintended upshot: Society is thereby furnished with goods, services and jobs – Smith's valid but much derided Invisible Hand. (In this vein, Friedman has also criticized public schools as educationally deficient because of their lack of competition, and has pushed for the voucher plan whereby parents can choose private or public, i.e., government, schools.)

Economist Neil Chamberlain of Columbia University does not go as far as Friedman. In his new *The Limits of Corporate Responsibility* (Basic Books), Professor Chamberlain says, yes, businessmen can take some "modest, incremental, assuaging actions" on the Social Responsibility and Social Engineering fronts – say, a corporate gift to underwrite a ballet at the Kennedy Center or to equip a lab at Cal Tech – that kind of thing.

### *Social Responsibility*

Chamberlain labels his compromise position the Limited Responsibility Thesis and well reminds us of the corporate facts of life – the constraint of cost, the imperative of profitability, the injunction of competition. But assuaging actions may not be enough, muses Chamberlain as he ranges over corporate involvement in consumerism, education, ecology, Washington politics, trade unionism, local communities, foreign lands. For if responsibility for solution of mounting social problems is shunted onto other shoulders or ignored, what then?

Maybe some kind of Federal take-over would be in the offing and survival of the corporate system would no longer be in the cards. Better, then, harkening to the Committee for Economic Development's call for a public-private partnership, or as Chamberlain quotes approvingly from the 1971 CED publication *Social Responsibilities of Business Corporations:*

> The converging of two trends – the business thrust into social fields, and government's increasing use of market incentives to bring even greater business involvement – is gradually

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bringing these two powerful institutions into a constructive partnership for accelerating social progress. This emerging partnership is more than a contractual relationship between a buyer and seller of services. Fundamentally, it offers a new means for developing the innate capabilities of a political democracy and a private enterprise economy into a new politico-economic system capable of managing social and technological change in the interest of a better social order.

### Strange Partners

Partnership – admittedly the word is sweet and what the CED and Dr. Chamberlain envision is limited in scope, but partnership between what and what? And how limited would the public-private partnership turn out to be over time? We are brought full circle to the implications of public and private, to the public interest of private enterprise and the private interest, not uncommonly, of public policy – to what I am afraid adds up to the unsocial side of Social Responsibility and Social Engineering.

Consider the private interest of much public policy. Think of Watergate, for example, and how in the name of national security or Social Responsibility some rather private interests were advanced when a number of executives of blue-chip corporations were "requested" to contribute to the Committee for the Reelection of the President, or CREEP. (This comment is nonpartisan, for corporate executives – perhaps some of the very same contributors to CREEP – had also donated heavily to the Democratic campaign coffers in the 1964 campaign when the Democrats were the incumbent party; and, of course, quite a few corporate executives are regular Democrats and Democratic contributors.)

Or think of the ICC's "public policy" in rejecting Southern Railway's application for a 60 per cent cut in grain haulage rates in introducing its 90-ton "Big John" hopper cars – a cut which offended truck and barge line operators. Or think of our public-private sugar policy ever since the first Sugar Act in 1934. Here Uncle Sam plays sugar daddy to a host of relatively high-cost domestic cane and beet sugar growers and then cuts in a number of "selected" foreign sugar producers who are favored with import allotments. Washington sugar draws lobbyists like flies, especially when quota-reshuffling time rolls around. All this wheeling and dealing is, of course, at the expense of the American consumer who regularly pays pennies per pound more for sugar than what the market price would have been, and has been doing so for four

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decades. The list of such public policies privately motivated and privately benefited could be extended ad nauseam.

Or think in historical and civil libertarian terms of how the Founding Fathers met the dilemma of authoritarianism, typified by George III, with the checks and balances of *limited* government. Just how limited would our Government be under the partnership concept?

### *Who's to Say?*

Some more questions, particularly as the partnership matures: Which partner, public or private, would be the majority partner, which the minority partner? Which would be the dominant partner, which the silent partner? And what would happen to competition, economic calculation and freedom of enterprise? The questions beg the answer: Sooner or later the "partnership" would drift into some sort of planning; and overtly or covertly the government would choose and enforce its rulings, notwithstanding the preferences and efficacies of the market, i.e., the consumers.

Or think how perilously close the Chamberlain-CED's endorsement of a public-private partnership comes, or is capable of coming, to state *dirigisme*, to further erosion of our market economy, to the real possibility of modern authoritarianism not unlike that which surfaced in Europe, Asia, Africa and Latin America in the 20th Century. In fact, isn't this what President Eisenhower was warning us of, in his reference to the "military-industrial complex" in the final hours of his Administration?

Now, on the other hand, what of the public interest of private enterprise? First, it should be noted private enterprise is private in name only. Every business must serve the public or it will be swiftly punished with losses and, unless it mends its ways, ultimately extinguished. GM and GE, Exxon and Dupont, IBM and Ford are indeed giants but they, too, like the Ma and Pa delicatessen, are under the yoke of profit and loss, of the life-and-death power of the consumer – who can be corporate as well as individual. (What happened to Ford's Edsel, RCA's and GE's computers, Lockheed's Electra, Dupont's Corfam – or to those defunct corporate giants of yesteryear like American Locomotive, American Molasses and American Woolen?)

Moreover, the ability of so-called private enterprise to serve the public far better than public enterprise in economic matters has been demonstrated over and over again. (Witness the "service" of

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the U.S. Postal Service, study the doleful findings of Brookings Institution researchers on Great Society programs,[1] ask yourself why the Government continues to subsidize hospital construction and teacher education when hospital beds and school teachers are in surplus, or check with your friends back from Eastern Europe on producer responsiveness to consumer needs there.)

So a public-private government-industry partnership anyone? I hope not. Neil Chamberlain has helpfully spelled out the limits of corporate responsibility. I only wish he had reaffirmed the Constitutional limits of government responsibility as well.

[1] See *Setting National Priorities: The 1973 Budget* (Brookings Institution, Washington), 1972.

IDEAS ON LIBERTY

### *Morality and Choice*

WHAT OUR GENERATION is in danger of forgetting is not only that morals are of necessity a phenomenon of individual conduct but also that they can exist only in the sphere in which the individual is free to decide for himself and is called upon voluntarily to sacrifice personal advantage to the observance of a moral rule. Outside the sphere of individual responsibility there is neither goodness nor badness, neither opportunity for moral merit nor the chance of proving one's conviction by sacrificing one's desires to what one thinks right. Only where we ourselves are responsible for our own interests and are free to sacrifice them has our decision moral value. We are neither entitled to be unselfish at someone else's expense nor is there any merit in being unselfish if we have no choice. The members of a society who in all respects are *made* to do the good thing have no title to praise.

FRIEDRICH A. HAYEK, *The Road to Serfdom*

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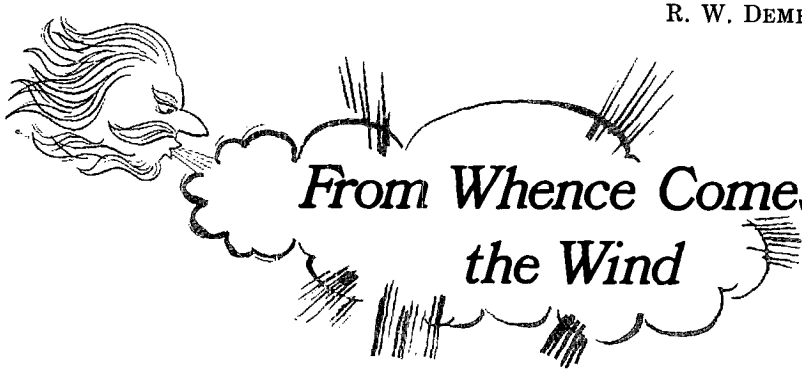
R. W. DEMERS



# From Whence Comes the Wind

WHILE the early afternoon sunshine warmed the wooded hillside, an old man and a little boy slowly wended their way upward toward the top. The old man's hair was snow-white, and though his chiseled features were covered with wrinkled and leathery skin, his pale blue eyes sparkled and snapped, revealing an ageless spirit in a body that had learned to live well. The little boy was like most little boys of about 7—chunky, plump, full of bounce and energy, a mind like a sponge, and indulging in the greatest of all his delights, spending a Sunday afternoon climbing a hill with Grandpa.

It was a slow climb, with lots of pauses, to catch one's breath, to study the trees, the leaves, the shrubs, the bugs, to listen to the birds, and the sound of water bubbling in little brooks and streams, and the wind through the pine needles, and all of the glories that live on a hillside.

The little boy was a fountain of questions, the old man a treasure chest of answers. Grandpa explained why leaves are green, why moss grows heaviest on the north side of trees, and all about last year's fallen leaves.

Almost before they knew it the top of the hill had been gained, and they sought a place to rest their bones and weary muscles, and to look out upon the vistas below. Grandpa next did what he always did when they were at the top of a hill. They stood up and Grandpa said: "All right, Lad, you're facing north; what compass direction lies behind you, on your left, and on your right?"

The boy answered brightly: "Behind me is to the south, on my left is to the west, and on my right is to the east."

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Grandpa beamed: "Good, boy, good, it pays well to know where you are in relation to the wider world. You'll note there needs to be a point to start from. Now I know where north is from experience. Without experience you need a compass. But even then it's well to get above it all every once in a while, so that you can get things in focus, get things in proper relationship to one another. And that's why, Lad, you and I climb hills on Sunday afternoons."

"Now, Lad, looking to the northeast and out into the valley do you see where those two roads cross?"

"Yes, Grandpa."

"All right, now where they cross what do you see in the north corner?"

"Why – just an empty field, Grandpa."

"Right, Lad, right; and did you know that where the field sets empty now there was once a great house, and it was in that house that your Dad was born?"

"Golly!, I didn't know that, Grandpa; what happened to the house?"

And with that invitation, the old man launched into one of his thrilling tales of the past. The little boy sat with his elbows on his knees and his chin cradled in his cupped hands as he absorbed, with eager delight, a fascinating story which was a critical part of *his* history.

When Grandpa finished his story he stood up and turned about to face the south. Pointing down the slope which they had climbed, he said to the boy: "Lad, looking down this slope and out into the meadow below, tell me what you see that you've seen before?"

The boy leaped upon an old stump and with enthusiasm scanned the slope below him. His eyes began to open wide as he recognized first one landmark after another, and the words spilled out of him in frenzied delight: "There's that big, old dead tree, with the grey, splintered top, which you said had probably been struck by lightning. And there's that big, huge rock, a boulder, and I can even see the big split in its side. And there's that clearing on the bend of the creek we crossed at the foot of the hill, where you pointed out to me the old, dead tree up ahead. Golly!, Grandpa, now I know why we'd stop now and then and turn around and look at things."

"Right, Lad, right; it's always good to stop now and then and turn around and look at where you've been. There's more than one side to things and the more you can get to see and recognize the better off you'll be. Also, Lad, we don't always get where we're headed. Despite our best try, we just might have to return the way

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we came so that we can try again; and its good to know the way back, just in case."

The sun was much closer now to the western horizon as Grandpa said to the boy: "Lad, turn about slowly till you feel the breeze full upon your face, then tell me from whence comes the wind."

The boy did as he was instructed, and stopped when his face was looking into the western rays of the sun: "I can feel the soft wind from out of the west, Grandpa."

"Right, Lad; now 'tis well to know from whence the wind blows, Lad, for it not only carries with it some indication of what the weather might be but it carries the weather with it too. If you can learn to read the signs you may be able to know what's coming before it comes and be able to make necessary preparations. The clouds in the sky are borne along by the winds and both the wind and the clouds are formed, or are the result of, wonderous things which are happening beyond the horizon, beyond the reach of a man's eye, or his senses."

"Lad, you must be ever looking, ever searching, ever seeing, ever learning, and aware that you'll never know it all. It starts when you're born and it never stops until you're like that old, grey snag down there, still reaching toward the sky above. Look now, into the west! See those dark clouds in the far distance, see the grey haze which seems ahead of those clouds and moving slowly this way? Well, that might mean some wet weather, and it looks like it's just far enough off to give us time to return down the hill and home before we get wet; so – let's be off, Lad."

The years will go by, and this lad will grow into a man, as all lads must do. And what sort of a man might he be?

Well, he'll probably be a man who knows from whence he came, and where he is going, and why. He'll no doubt agree with José Ortega y Gasset: "The past has reason on its side, its own reason, and if that reason is not admitted, it will return to demand it." And, most of all, he'll no doubt climb hills on Sunday afternoons with little boys, perhaps his own. And facing from whence the winds prevail, he might agree with Goethe:

**In the Endless, self-repeating flows**
**for evermore the Same.**
**Myriad arches, springing,**
**meeting, hold at rest the**
**mighty frame.**
**Streams from all things Love of**
**Living, Grandest Star, and**
**Humblest Clod.**
**All the straining, all the striving**
**is Eternal Peace in God.**

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# Competition, Monopoly, and the Role of Government

SYLVESTER PETRO

*The great monopoly problem mankind has to face today is not an outgrowth of the operation of the market economy. It is a product of purposive action on the part of governments. It is not one of the evils inherent in capitalism as the demagogues trumpet. It is, on the contrary, the fruit of policies hostile to capitalism and intent upon sabotaging and destroying its operation.*

—LUDWIG VON MISES, *Human Action*

IN THE free society government keeps the peace, protects private property, and enforces contracts. Government must do these things effectively, and it must do nothing else; otherwise, the conditions indispensable to personal freedom in society are absent. Whether or not a free society is attainable no mortal man can know; the limits of our knowledge are too narrow. But one thing we do know: that until at least the advocates of the free society are fully aware of the conditions necessary to its existence, it can never come about. For they must ever be on guard against new movements, ideas, and principles which would endanger its realization. And on the other hand, they must be sharply aware of existing impediments so that they may direct their energies intelligently to the removal of the causes of current imperfections.

I take up with considerable trepidation the task of arguing that government should quit trying to promote competition by means of the antitrust laws, especially since some proponents of the free society believe that vigorous enforcement of those laws is absolutely indispensable. Yet, antitrust

Professor Petro of Wake Forest University School of Law reveals here some results of his special attention to labor and antitrust legislation and policy. This article, first appearing in the December 1959 FREEMAN, bears reading again in the light of current affairs.

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laws are inconsistent with the basic principles of the free society, private property, and freedom of contract; they deprive persons of private property in some cases and outlaw certain contracts which would otherwise be valid. Moreover, they expand the role of government far beyond that envisaged by the theory of the free society and thus amount to an unconscious admission that the fundamental theory itself is incoherent; for antitrust policy implicitly accepts the Marxian premise that a laissez faire economy will result in the decay of competition and in the emergence of abusive monopoly. Finally, and this may be the most pressing reason for the present article, in their attempt to promote competition the antitrust laws may in fact be inhibiting it.

### *Vague and Uncertain Laws*

One of the basic evils in the antitrust laws is the vagueness and uncertainty of their application. They have produced mainly confusion. Seventy some years ago the antitrust laws prevented the Great Northern Railway and the Northern Pacific from merging, although but a minor fragment of their respective lines overlapped in competition. But a few years later United States Steel was permitted to consolidate a vast preponderance of the steel production of the country under one management. Since then we have been off on another antimerger binge, and so Bethlehem and Youngstown have been enjoined from doing on a smaller scale what U.S. Steel did on a grand scale. Socony and other integrated oil companies were told that they might not buy up distress oil at prices set in competitive markets. But only a few years earlier the Appalachian Coals Association had been permitted to act as exclusive marketing agent for most of the coal production of an entire region. Forty years after its foresight, courage, and capital had been instrumental in developing the great General Motors productive complex, the du Pont Company was ordered to give up control of its G.M. stock because of a relatively picayune buyer-seller relationship between them. Only space limitations preclude an almost endless listing of equally contradictory and inequitable results of the unpredictable eruptions from the antitrust volcano. At present, the allegedly competitive policies of the Sherman Act are mocked by those patently anticompetitive components of the antitrust laws, the Robinson-Patman Act and the fair-trade laws.

Thus, to the careful and honest observer the antitrust laws appear to be a charter of confusion, rather than the "charter of economic lib-

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erty" which oratory calls them. They have been transmogrified by the political vagaries to which their vagueness makes them susceptible into an insult to the idea that laws should apply equally to all. Some may regard these consequences as merely unfortunate incidents of a generally praiseworthy program. Yet we need continually to remind ourselves that law is for the benefit of the citizenry, rather than for the sport of government and of the legal profession. The main function of law is to provide people with clear and sound rules of the game, so that they may pursue their affairs with a minimum of doubt and uncertainty.

While aggravating the existing uncertainties of life, the antitrust laws can make no demonstrable claim to improving competition, despite the contentions of enthusiastic trustbusters. I have heard it said that the result of breaking up large firms is to create competition among its fragments, and thus to contribute to social well-being. But a moment's reflection will expose this as a bare and unsupportable assertion. Even though additional firms may be created by breaking up large businesses, the result is not necessarily in the social interest, nor does it necessarily create or improve competition. The social interest and competition are not automatically served by an increase in the number of firms. It is a commonplace that competition may be more vigorous and the service to society greater when an industry has few firms than when it has many. The question from the point of view of society is not how many firms there are, but how efficiently and progressively the firms – no matter how few or how numerous – utilize scarce resources in the service of the public. Maybe production will improve after a single large producer is split into fragments; but it is equally possible that it will not. No one can tell in advance, and it is also impossible to do so after the fact. The only thing that can be said with certainty about the breaking up of businesses is that government's power has been used to deny property rights rather than to protect them. If we really believe that private property is the most valuable institution of the free society, and that in it lies the strength of the free society, then it is wrong to abrogate that institution on the basis of pure guesswork.

### *Monopoly Unionism*

The antitrust approach to improving competition loses even more of its glamor when one understands that the most abusive and socially dangerous monopoly

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which exists today in this country is the direct product of special governmental privileges. Labor unions are today the most destructive monopolies in our system, and they are also the greatest beneficiaries of governmental special privileges.

First and foremost, there is the virtual privilege of violence, which trade unions alone enjoy. Neither individuals nor other organizations are so privileged. Memory is strangely short as regards union violence, and yet every big union in America has used it habitually, in both organizing and "collective bargaining."

Of the men who resist union membership, many are beaten and some are killed. They have much more to fear than do persons who reject the blandishments of sellers of other goods or services. And this is true despite the fact that the right *not* to join a union is as firmly entrenched in legal theory and the theory of the free society as is the right to buy as one wishes or to refuse to buy when one so wishes.

In 1959, the United Mine Workers engaged in one of its periodic purges of the nonunion mines which spring up continually owing to the uneconomic wage forced upon the organized mines by the UMW. An Associated Press dispatch, dated April 10, 1959, reported that "one nonunion operator has been killed, five union members charged in the fatal shooting, and three ramps damaged by dynamite since the strike began March 9. It has made idle more than 7,000 men over the union's demands for a $34.25 a day wage, a $2.00 increase." The grimmest aspect of the dispatch lay in the news that Governor A. B. Chandler of Kentucky was *threatening* – after a full month of terror and pillage by the union – to order National Guardsmen into the coal fields.

### *The Pattern of Violence*

This is no isolated case. On the contrary, violence and physical obstruction are standard features of most strikes, except where the struck employers "voluntarily" shut down their businesses, in accordance with the Reuther theory of enlightened management which I have described in *Power Unlimited: The Corruption of Union Leadership* (Ronald Press, 1959). A special dispatch to *The New York Times*, dated August 5, 1959, reported that "a siege was lifted today for 267 supervisory employees at the United States Steel Company's Fairless Works here . . . From now on the supervisory personnel will be allowed to enter and leave the plant at will for maintenance." The dispatch is silent concerning the probable con-

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sequence of any attempt by the steel companies to maintain production. But the fact that supervisors were besieged because of maintenance operations suggests that rank-and-file workers who attempted to engage in production would be mauled. It is not out of order to infer that the siege of the supervisors, otherwise a pretty silly act, was intended to get across that message.

The careful student of industrial warfare will discern a pattern of violence which reveals an institutionalized, professional touch. Mass picketing, goon squads (or "flying squadrons" as they are known in the Auto Workers union), home demonstrations, paint bombs, and perhaps most egregious of all, the "passes" which striking unions issue to management personnel for limited purposes – these are the carefully tooled components of the ultimate monopoly power of unions.

As a matter of fact, we have become so befuddled by, and so weary of, the terror, destruction, and waste of the unions' organizing wars that we view with relief and contentment one of the most prodigious contracts in restraint of trade ever executed – the celebrated "no-raiding pact" of the AFL-CIO. No division of markets by any industrial firm has ever achieved such proportions. The "no-raiding pact" divides the whole organizable working force in accordance with the ideas of the union leaders who swing the most weight in the AFL-CIO. It determines which unions are "entitled" to which employees. The theory of modern labor relations law is that employees have a right to unions of their own choosing. Reversing that principle, the "no-raiding pact" asserts that the choice belongs to the union leadership. If any business group were so openly to dictate the choices of consumers, it would be prosecuted by sundry federal agencies and hailed before one or another, or perhaps many Congressional committees. It would not receive congratulatory telegrams from the chief politicians of the nation.

#### *Government Intervention*

The more one examines American labor law the more one becomes convinced of the validity of Professor Mises' theory that no abusive monopoly is possible in a market economy without the help of government in one form or another. If employers were permitted to band together peacefully in order to *resist* unionization, as unions are permitted to engage in coercive concerted activities in order to *compel* unionization, it is probable that the purely economic (nonviolent) pressures of unions

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would not be as effective as they have been in increasing the size and power of the big unions. But the government has taken from employers *all* power to resist unionization, by peaceful as well as by violent means. At the same time it has permitted unions to retain the most effective methods of economic coercion. And so picketing, boycotts, and other more subtle modes of compulsory unionism are in many instances as effective in compelling unwilling membership – in the absence of countervailing economic pressures from employers – as sheer physical violence.

Monopoly unionism owes much, too, to direct and positive help from government. Consider the vigorous prohibition of company-assisted independent unions which has prevailed for over twenty years. Although such small unions might at times best serve the interests of employees, the early National Labor Relations Board practically outlawed all independent unions, and more recent decisions continue to favor the big affiliated unions.

### *The Majority-Rule Principle*

But perhaps the most significant contribution of government to monopoly unionism is the majority-rule principle which makes any union selected by a majority of votes in an "appropriate bargaining unit" the exclusive representative of all employees in that unit, including those who have not voted at all, as well as those who have expressly rejected the union as bargaining representative. Majority rule is a monopolistic principle; it is always to be contrasted with individual freedom of action. But it is particularly prone to monopolistic abuse in labor relations. Determination of the "appropriate bargaining unit" is left to the virtually unreviewable discretion of the National Labor Relations Board. And that agency has in numerous instances felt duty-bound to carve out the bargaining unit most favorable to the election of unions. Indeed, politicians might learn something about gerrymandering from studying the unit determinations of the Labor Board.

Even if the gerrymandering could be eliminated, the majority-rule principle would remain a source of monopolistic abuse, based on monopoly power granted and enforced by government. A union may be certified exclusive representative in a 1,000-man bargaining unit on the basis of as few as 301 affirmative votes, for an election will be considered valid in such a unit when 600 employees participate. If a bare majority then votes in favor of the union, the remaining 699 are saddled

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with the union as their *exclusive* bargaining representative, whether or not they want it.

### Competitive Safeguards

Society has nothing to fear from unions which without privileged compulsion negotiate labor contracts and perform other lawful and useful jobs for workers who have voluntarily engaged their services. For they are then but another of the consensual service associations or agencies which a free society breeds so prolifically. Moreover, the free society has demonstrated that its fundamental mechanism, free competition in open markets, is tough and resilient enough to defend against exploitation by any genuinely voluntary association. The critical problem arises when a man or an association destroys society's chief defense mechanism by violent and coercive conduct, or when that mechanism is blacked out by special privilege from government. For then, without the checks and balances of free men vying against free men in civilized competition, society lies as prone to exploitation by the unscrupulous as a rich store would be without guards and burglar alarms.

When the sources and components of union monopoly are understood, it becomes clear that the antitrust laws cannot cure the problem. The fundamental source is to be found in failures and errors of government which the most elaborately conceived antitrust laws could not cure. The basic job of government is to keep the peace. It has not kept the peace in labor relations. Local, state, and federal governments have all failed to prevent labor goons and massed picket lines from interfering with the freedom of action of nonunion employees and of employers in bargaining disputes. (See my book, *The Kingsport Strike,* Arlington House, 1967.) A similar failure in organizing campaigns has permitted unions which would be pygmies, if they represented only workers who wanted them, to become giants. The antitrust laws would equally clearly do nothing to remedy the monopolistic consequences of the positive aids granted by government to the big unions, such as the majority-rule principle and the virtual outlawry of small independent unions.

I am convinced that the socially dangerous aspects of big unionism have been brought about by the errors and failures of government which we have been considering. Government has on the one hand been tolerating the violence and economic coercion by means of which the big unions have attained their present power, and it has, on the other hand, positively inter-

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vened in their support. Moreover, for the last forty years or more, officers of the national administration have played a critical role in the key industrial disputes which have set the pattern of the so-called inflationary wage-cost push.

The latter is a much more important fact than it may seem at first view. It suggests that the checks and balances of free enterprise are adequate to protect the public even from the artificially constructed compulsory labor monopolies which we now know. Moreover, it is not unreasonable to infer that those checks will work even more effectively if politicians not only stay out of negotiations but also enforce the laws against compulsory organization. These considerations suggest that the logical first step for those concerned about union power is to insist that government remove the present special privileges which unions enjoy and then wait patiently, to see if the problem will work itself out without further government intervention.

### *Government's Limited Role, As Outlined by Mark Twain*

I believe that the same approach should be taken in respect to *businesses* suspected of monopolistic abuses. Rather than following the hit-or-miss political vagaries of the antitrust approach, it would be better to make sure that all special privileges, such as tariffs, exclusive franchises, and other governmental devices for blocking access to markets are withdrawn. Repeal of the tax laws which unfairly prevent high earners from amassing the capital necessary to compete with existing firms would also help much more than antitrust prosecutions do in promoting competition. In short, if government would confine itself to protecting property and contract rights, and if it would desist from impairing those rights, it would be doing all that government can do to promote competition. And we should not need to be greatly concerned about monopolies and contracts in restraint of trade. For, as Mark Twain's account of the career of the river-boat pilots' monopoly in the nineteenth century demonstrates, the free enterprise system is in itself fully capable of destroying all abusive restraints upon competition which are not supported and protected by government.

In the years before the Civil War, Twain writes in *Life on the Mississippi*, the river steamboat pilots formed an association which was to become, as Twain put it, "the tightest monopoly in the world." Having gone through many trials in building up its membership, a sudden increase in the demand for pilots gave the as-

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sociation its first break. It held members to their oath against working with any nonmember, and soon nonmembers began having difficulty getting berths. This difficulty was increased by the association pilots' safety record, which grew out of an ingenious method evolved by the association for current reports on the ever-changing Mississippi channel. Since the information in these reports was confined to members of the association, and since nonmembers had no comparable navigation guide, the number of boats lost or damaged by the latter soon became obviously disproportionate. "One black day," Twain writes, "every captain was formally ordered (by the underwriters) to immediately discharge his outsiders and take association pilots in their stead."

The association was then in the driver's seat. It forbade all apprentices for five years and strictly controlled their number thereafter. It went into the insurance business, insuring not only the lives of members but steamboat losses as well. By United States law the signature of two licensed pilots was necessary before any new pilot could be made. "Now there was nobody outside of the association competent to sign," says Twain, and "consequently the making of pilots was at an end." The association proceeded to force wages up to five hundred dollars per month on the Mississippi and to seven hundred dollars on some of its tributaries. Captains' wages naturally had to climb to at least the level of the pilots', and soon the increased costs had to be reflected in increased rates. Then society's checks and balances went to work. This is Twain's summation:

"As I have remarked, the pilots' association was now the compactest monopoly in the world, perhaps, and seemed simply indestructible. And yet the days of its glory were numbered. First, the new railroad . . . began to divert the passenger travel from the steamers; next the war came and almost entirely annihilated the steamboating industry during several years . . . then the treasurer of the St. Louis association put his hand into the till and walked off with every dollar of the ample fund; and finally, the railroads intruding everywhere, there was little for steamers to do but carry freights; so straightway some genius from the Atlantic coast introduced the plan of towing a dozen steamer cargoes down to New Orleans at the tail of a vulgar little tugboat; and behold, in the twinkling of an eye, as it were, the association and the noble science of piloting were things of the dead and pathetic past!"

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The moral: government's job is done when it defends the right of competitive businessmen or workers to take over functions which are being abused by monopolistic groups. The deeper moral is that monopolistic abuses rarely survive without a basis in one form or another of special privilege granted by government. The long steel, auto, and other big strikes we have suffered would not have lasted nearly so long if government had effectively protected the right of the companies to keep their plants operating and the right of employees to continue working during the strike.

IDEAS ON LIBERTY

### *The Fault Is Ours*

I know a man who used to be in the margarine business and thought it was a crime that butter makers could color their product when he couldn't. Now he owns a dairy and he thinks it's a crime that the margarine makers are now allowed to color it! Not long ago on a train, I was talking with a farmer who was loud in his condemnation of government spending. When I suggested that a good stopping place might be to withdraw subsidies on wheat, he couldn't see it. Another man I know is a strong advocate of government price control. He thinks it's wrong for the merchant to make a profit, or for landlords to get enough rent to keep up their properties. But he buys and sells oil leases, and thinks it's just good business to buy a lease for a dollar and sell it for a thousand. Any suggestion to control his margin sends him into a frenzy!

Is it any wonder that the government reflects such thinking, and tries to break up the A & P mainly for the "crime" of having sold too many groceries to too many people too cheaply? Before we start wondering why we have a government like that, however, maybe we ought to ask ourselves why we are like that.

DUKE BURGESS, "One-Man Pressure Group"

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# The False God of Politics

ALLAN C. BROWNFELD

FOR too many Americans, government has become the source of all good and all evil to be found in the contemporary world. If there is too much crime, if the highways are overcrowded, if the programming on television is mediocre, if jobs are unsatisfying and marriages are unrewarding, if children seem indifferent, and a sense of community seems less and less evident, then what we need, of course, is a change in Administration, a new party in power or, to radicals, a revolutionary upheaval.

Somehow we have come to believe that we do not have responsibility for our own lives but that established political authority is responsible for the good, the evil, even the ambivalence of the modern world. Where men and women once turned to the church and to the family for the inner meaning of life and the fulfillment of emotional needs, they now seek such answers from the political process. Unfortunately, politics cannot provide such answers.

Discussing the faith which modern man has placed in politics, and the futility of such an approach to life, the Russian poet Joseph Brodsky, currently poet-in-residence at the University of Michigan, has provided an analysis which Americans would do well to consider.

Brodsky declared that, "I do not believe in political movements. I believe in personal movement, that movement of the soul when a man who looks at himself is so ashamed that he tries to make some sort of change – within himself, not on the outside. In place

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of this we are offered a cheap and extremely dangerous surrogate for the internal human disposition toward change: political movements of one sort or another. Dangerous psychologically more than physically. Because every political movement is a way to avoid personal responsibility for what is happening . . . . As a rule communality in the sphere of ideas has not led to anything particularly good."[1]

### On Changing the World

What, then, is to be said of political ideas?

Often, we are told by politicians, such as those who urge redistribution of wealth or a complete alteration of our social and economic systems, that "The world is bad, it has to be changed."

To this, Brodsky replies: "The world is precisely *not* bad; one could even say the world is good. What is true is that it has been spoiled by its inhabitants. And if it is necessary to change something it is not the details of the landscape but our own selves. What is bad about political movements is that they depart too much from their own origins, that on occasion their results so disfigure the world that it really can be called bad, purely visually; that they lead human thoughts into a dead end. The intensity of political passions is directly proportional to their distance from the true source of the problem."

Underneath the rhetoric, what those who seek political solutions for all social and personal problems are saying is that such solutions do exist, and that, in effect, all of our difficulties can be corrected, if only *they* are given a chance to do it. Joseph Brodsky, who has recently emerged from a Communist society which tells us that *it* has all of the answers to such problems, states that, "There is something offensive to the human soul about preaching paradise on earth. Replacing metaphysical categories with pragmatic ethical or social categories is somehow a debasement of human consciousness."

### The Limits of Government

The conception of government believed in by the Founding Fathers of our own country was that all the political process could or should do was to provide order and an atmosphere of freedom within which each man could go as far as his own ability would take him. A political process which attempted to do more than this, to provide equality of condition

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[1] Joseph Brodsky, "A Writer Is a Lonely Traveler, And No One Is His Helper," *The New York Times Magazine*, October 1, 1972, p. 11.

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rather than of opportunity as the advocates of racial and sexual quotas urge today, would inevitably end as a tyranny.

There was no doubt at that time that government had to be severely limited, and that the political process should not deal with a wide range of societal and personal problems but should deal only with certain carefully and clearly defined areas of concern. *The Federalist Papers* (Number 51) declare:

"What is government itself but the greatest of all reflections on human nature? If men were angels, no government would be necessary. . . . In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself. A dependence upon the people is, no doubt, the primary control on the government, but experience has taught mankind the necessity of auxiliary precautions."

At this time there is a great deal of confusion about the meaning of the term "equality." What is meant by this term, in the context of our political tradition? According to John Locke, in the state of nature there exists a "state of equality, wherein all the power and jurisdiction is reciprocal, no one having more than another . . ." Yet the English philosopher emphasizes that this equality is not one of condition, and is hardly absolute, even in the state of nature:

"Though I have said above . . . that all men by nature are equal, I cannot be supposed to understand all sorts of equality: Age or virtue may give men a just precedency. Excellency of parts and merit may place others above the common level. Birth may subject some, and alliance or benefits others, to pay an observance to those to whom Nature, gratitude or other respects may have made it due; and yet all this consists with the equality . . . I there spoke of as proper to the business at hand, being that equal right that every man hath to his natural freedom."

When Thomas Jefferson wrote in the Declaration of Independence that, "All men are Created Equal," he was speaking of "equality" in the terms set forth by John Locke in his *Second Treatise*: not equal property, or equal status, but an equal right to be free.

### A Losing Battle

We are told today that individual freedom must be sacrificed so that those who are "disadvantaged" can be given a more "equitable" place in society. Peter

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Viereck has noted that, "There is a line of diminishing returns for humanitarianism. Beyond it, the increase in security is less than the loss of liberty."[2] Freedom, those who challenge it today should understand, has never been taken away, except for a "good" reason.

To expect the political process to make men good when God has made them otherwise, is to expect what politics cannot do. Discussing the creation of the Republic, John Adams declared that, "Whoever would found a state and make proper laws for the government of it, must presume that all men are bad by nature. . . . Human nature with all its infirmities and depravities is still capable of great things. . . . Education makes a greater difference between man and man, than nature has made between man and brute. The virtues and powers to which men may be trained by early education and constant discipline, are truly sublime and astonishing."[3]

A free society traditionally has sought to permit men and women to become themselves, and each man and each woman will, and should be, different and unique. Those who urge egalitarianism in the name of "justice" must remember that every movement which seeks to make men the "same" has only made them similar in their servitude.

Politics is no panacea, and only when we begin to look not to Washington but to ourselves will our lives have any purpose and meaning. Man cannot find outside of himself what is not to be found within, though in this troubled time many are trying to do this. The end of such a futile search is the disillusionment with politics and with ourselves which is so evident today. When men discover that their idols are indeed false, they smash them with a vengeance. By then, however, it is often too late.

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2 Peter Viereck, *The Unadjusted Man* (Boston: Beacon Press, 1956).

3 Quoted in *Conservatism in America* by Clinton Rossiter (New York: Vintage, 1955).

### *Ingratitude*

IDEAS ON LIBERTY

IF ONCE they are habituated to it, though but for one-half year, they will never be satisfied to have it otherwise. And having looked to government for bread, on the very first scarcity, they will turn and bite the hand that fed them.

EDMUND BURKE, *"Thoughts and Details on Scarcity"*

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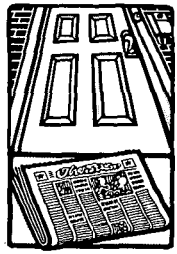
# Back Door Press Control



MELVIN D. BARGER

THERE'S A NOTE of genuine anxiety in the current wave of newspaper articles and editorials protesting the recent government attacks on the press. In the past, such warnings sounded a lot like the boy who was merely crying, "Wolf." But it's now clear that many newsmen do feel threatened and are seeking public support in defending the traditional freedoms of the First Amendment.

They may be seeking the impossible. The government, long denied the right to impose direct licensing or controls on the press, may soon be able to establish press control by indirect methods. Such indirect methods grow out of Federal and state power to regulate business, professions, and industry. It is true that some businesses are not presently controlled by Federal regulations or are only partly regulated. No matter. The pattern of Federal regulation was established long ago, and is available for immediate use whenever the opportunity to impose additional regulation presents itself.

This new threat is an ironic development because nobody can accuse newsmen of failure to stand up and be heard when *direct* attacks were being made on press freedom. Time and again, newspapers have thoroughly roasted and ridiculed government officials who tried to intimidate reporters and censor newspapers. There was mass cheering on most editorial pages when *The New York Times* won its celebrated Pentagon Papers case. Newsmen have been quick to close ranks when a maverick columnist such as Jack Anderson has been directly threatened by the government. Every journalism textbook carefully presents the case for press freedom, and there's probably not a reporter in the country who doesn't know the classic story of

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John Peter Zenger[1] and similar milestones in the fight for press freedom.

But indirect, or "back door," attacks on press freedom are another ball game, and it may be that the popular newspaper columnists and writers don't know how this new game is played. Many of them, in fact, supported the adoption of the very control measures that now threaten the press. Over the past 50 years, a large number of newspaper writers and commentators have clamored for additional government regulation of business and industry. But few have bothered to ask what the effect would be on press freedom once intensive regulation of business became a reality. They have apparently felt that newspapers and magazines could exist as islands of freedom in a completely regulated society. But it is not working out that way in practice. Press freedom is now being threatened in several ways that differ radically from the old direct attacks on First Amendment rights. Here are some recent trends:

• *Proposals are being made to license newsmen.* The central issue in a 1931 landmark case called Near vs. Minnesota[2] involved "prior restraint" of the press. It has been well-established that any form of government licensing of publishing also would result in prior restraint of the press and would be a denial of First Amendment rights.

Congress later created a legal limbo in this area when it passed the Federal Communications Act of 1934, establishing governmental licensing of broadcasters. There has been good reason to fear that the same principle would eventually be extended to cover print media. But with the mounting govern-

1 John Peter Zenger, printer of the *New York Weekly Journal*, was jailed in 1734 on charges of seditious libel for labeling Governor William Cosby a tyrant and oppressor of the colony. A brilliant lawyer named Andrew Hamilton won Zenger's acquittal in a trial by jury, effectively ending "seditious libel" as an instrument for press control. Harold L. Nelson and Dwight L. Teeter, Jr., *Law of Mass Communications* (The Foundation Press, Inc., Mineola, N. Y., 1969) pp. 23-26.

2 "Near vs. Minnesota involved a scandal sheet published in Minneapolis by J. M. Near and a partner who ran afoul of an extraordinary Minnesota law. The famous Gag Law provided that it was a public nuisance to engage in the regular, persistent publication of a 'malicious, scandalous and defamatory' periodical. The state could step in, stop and permanently suppress such a publication. If a publisher disobeyed an injunction against his publishing, and resumed it, he could be punished for contempt of court. Under the law, Near was enjoined from continuing to publish his *Saturday Press*. He challenged the constitutionality of the law, and the United States Supreme Court reversed his conviction." *Ibid.*, p. 409.

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ment attacks on broadcasters, newspapers have finally begun to be alarmed and are calling into question the rationale for broadcast licensing.

But professional licensing is another matter. For a long time, state licensing of doctors and dentists has been widely recognized and accepted, and has been readily embraced by the members of the licensed professions as a mark of status and also as a means of excluding others from entry to the field. The public has been schooled to believe that licensing raises the standards of a profession and excludes crackpots and incompetents. (Not to be outdone, practitioners of trades such as barbering and plumbing have followed suit, although the chief advantage to the public is the privilege of paying higher prices for haircuts and plumbing than would otherwise be possible!)

The rationale for licensing newsmen is that incompetent reporters lack the education and judgment necessary for handling the news in the best interests of society. According to an Associated Press story published in *The Detroit Free Press* on February 5, 1970, Dr. W. Walter Menninger advocated licensing of reporters and news commentators with certification to be approved or disapproved by peers or members of the news profession. Menninger, the only psychiatrist on the 13-member National Commission on the Causes and Prevention of Violence, was apparently echoing the oft-repeated view that newspapers cause violence by reporting it. He complained that reporters and news commentators may lack the basic understanding of such issues as minority frustrations and may be inaccessible to the man on the street.

This was not an isolated proposal. The following month, a Michigan state representative named James Del Rio called for a special study of the possibilities of licensing and regulating news reporters and editorial writers.[3] In 1971, then United States Senator Jack Miller of Iowa told a New York County Lawyers Association that in his opinion journalists should be licensed, with each subject to "having his privilege . . . to practice his profession revoked for unethical conduct."[4] The licensing proposal is very much alive, and is certain to get serious state legislative and Congressional interest in the future.

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[3] Associated Press report in *The Jackson Citizen Patriot*, Jackson, Michigan, March 11, 1970, p. 3.

[4] *A Free and Responsive Press*, Task Force Report for a National News Council, (The Twentieth Century Fund, New York, 1973), p. 14.

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Whatever the arguments for licensing newsmen, the result of such an action would be to place the control of news and opinion under the government. It would be prior restraint of the worst kind. It would give bureaucrats a lethal tool for excluding the very journalists who questioned their activities. It would effectively end any tendency to criticize the government or the party in power. After all, "unethical conduct" is really a subjective term, and among politicians any news story is unethical if it is unfavorable to them.

But this threat to First Amendment rights, be it remembered, did not come to life in a vacuum. It is a natural outgrowth of the elaborate system of licensing and certifying members of other professions. If newsmen are disturbed over this threat to freedom, perhaps they should reexamine the entire concept of professional licensing. There is a great deal in this type of licensing that is a form of restraint of trade. It is not surprising that the system could easily be extended to inhibit freedom of expression. The proposal to license newsmen is getting serious attention only because other licensing schemes have become accepted and have been promoted by the various trades and professions. It was bound to reach the journalist profession someday.

• *Proposals have been accepted for a voluntary press council to review the performance of the various media.* Early in 1973, the Twentieth Century Fund announced that it had formed a National News Council to scrutinize the national press, including broadcasters, and investigate complaints from the public about fairness and accuracy. The core of the media council idea, according to the Fund, "is the effort to make press freedom more secure by providing an independent forum for debate about media responsibility and performance, so that such debate need not take place in government hearing rooms or on the political campaign trail."[5]

On the face of it, the News Council proposal sounds constructive and it's certainly within the right of any voluntary organization to set itself up to monitor the press. But unless it's very unusual, the Council will soon be captured and dominated by individuals who have an ax to grind. There will be the problem of monitoring the Council's own fairness and accuracy at the same time it is supposedly examining these qualities in the media.

[5] *Ibid.*, pp. 3-5.

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***Government Supervision***

There is also the possibility (indeed, the probability) that the work of the Council will pave the way for some form of government supervision of the press. This is always the risk in voluntary efforts that are based on the idea of "cleaning-up-our-own-house-before-the-government-does-it-for-us." The government is often unable to "clean anybody's house," not even its own, but it does have the power to force outward compliance that gives an appearance of improvement. Voluntary programs never can hope to bring about total compliance in the way that compulsory programs do. It is not hard to predict that compulsory measures will appear more attractive if the voluntary efforts of the Council fail to bring the desired results in media performance.

The News Council is also another example of a disturbing trend, the establishment of "representative groups" who are supposed to act in the public interest. There are 15 members of the Council's task force and, not surprisingly, there's a person who supposedly represents every race, group, or class. As a rule, the representatives selected are prominent but not usually controversial. The theory seems to be that of giving everybody representation by selecting a member of his group or class.

One fallacy in this practice is that highly publicized members of a representative group do not always represent the people for whom they allegedly speak. Quite often, they are merely people who have been able to gain a certain prominence in a particular field or have access to a number of political figures. But it is a mistake to believe that such prominence means they can speak for all members of their race or group. It is always possible to find cross-currents of opinion in any ethnic or religious group. One prominent spokesman who "represents" blacks or Mexican-Americans may demand that newspapers conceal any racial or ethnic identifications in news stories. But other members of the same group may, for reasons of their own, feel that such identifications serve a constructive purpose. Their views will not get an airing in a typical panel of "representative groups."

• *Demands are being made for "right of access."* One of the latest bids for control over the press is the advocacy of "access to the press as a First Amendment Right." The proponent of this demand is a law professor named Jerome A. Barron, who argued quite convincingly in a law re-

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view article[6] that new laws are required to meet the changing conditions of modern times. Barron insists that technological and economic changes have made the First Amendment ineffective and inadequate as a means of implementing the free flow and distribution of new ideas. In fact, he believes that the Amendment is actually used by monopoly newspaper owners as a protective cover for refusing to publish unpopular views. He argues that there can be no real "marketplace of ideas" if there is no corresponding right to have one's ideas published in major newspapers, particularly newspapers having monopoly status. He also deplores the profit-seeking aims of these newspapers and suggests that the owners are neglecting their true responsibilities when they publish bland and popular material while excluding articles of greater depth.

### *Change First Amendment*

To provide access to the press, Barron wants definite changes in the present interpretation of the First Amendment. He believes that the Courts can make such change by extending their interpretation of the First Amendment to include right of access. Failing that, he proposes legislative change, a new law, that would have the same effect.

There are a number of fallacies and pitfalls in Barron's proposal, which has been getting serious attention in intellectual circles.[7] For one thing, he focuses on popular mass media, completely ignoring the diversity of other media that can often be useful to an aspiring writer or advocate of social change. A good example of the effectiveness of small-circulation media is the case of Ralph Nader, who was virtually unknown a dozen years ago. His earlier attacks on the auto industry were published in small-circulation journals before they were picked up by the popular press. In this case, the First Amendment was effective in giving Nader the *right* to publish his views, but it was up to Nader to prove that his ideas merited broader distribution. There is no way that the publishers of large circulation newspapers could have known in advance that Nader's ideas would catch on with the public, just as

[6] Barron's proposal for right of access was thoroughly presented in the *Harvard Law Review*, Vol. 80:1641, 1967. (Harvard Law Review Association, Cambridge, Mass.) Similar articles by the same author have appeared in other publications.

[7] For a variation of Barron's argument, readers should consult *The Rights of Americans*, (Pantheon Books, New York, 1970); article beginning on p. 276, entitled, "The Right of Access to Mass Media," by John De J. Pemberton, Jr.

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there is no way of picking out the popular writers and advocates of tomorrow from among the hundreds who are now struggling to get their views accepted. With thousands of small newspapers and other publications available as a proving or testing ground, these writers cannot truthfully say they are excluded from print. Barron himself was able to get his arguments published in law review publications and thus became indentified with a certain viewpoint that is now getting serious national consideration. To put it another way, Barron's success in getting his views known is an excellent answer to his own argument.

#### *A Nightmare in Practice*

The more disturbing problem is not the success or failure of the individual writer, but what really happens to First Amendment rights if "access to media" becomes a law. The Barron proposal is one of those arguments that sounds reasonable in theory but can become a nightmare in practice. He does not explain, for example, how equitable methods of providing access to the press can be developed without damaging the objectivity and effectiveness of newspapers. He does not really deal with the possibility that "access" laws in practice would turn out to be disguised forms of prior restraint. He fails to explain how "access" rights can be allocated when an unusually large number of groups are demanding desirable newspaper space for their own viewpoints.

Barron also evades the greatest danger of his proposal – the likelihood that it will result in newspapers being subjected to Federal regulation of the type now imposed on broadcasters. It is true that no regulatory body would be established simply by new rulings giving increased "access" to the media. But continuing dissatisfaction with access rights would certainly lead to the demand for some Federal body or communications czar to supervise the process of granting access. The result would be *de facto* regulation.

• *Shortages, general increase in controls.* Although they often represent themselves as public interest organizations, newspapers and other media are businesses which have the central purpose of producing earnings for their owners. There has been some attention focused on the business problems of a few leading publications and the failures of several popular magazines. In fact, however, many newspapers and broadcasting outlets are highly profitable, with earnings margins that would be

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envied by most manufacturers and retailers.

Being profit-seeking businesses, newspapers cannot escape the regulations and restraints that are being imposed on other privately-owned businesses. If the government continues to expand its regulation of business "in the public interest," it will expand its control over newspapers and various other media. Soon or late, the government will also involve itself in such matters as news content, fairness of news presentations, and the effect of news on personal behavior. It is becoming widely accepted that the government has the responsibility to regulate such matters, so it is also likely that the government will use all of its powers to carry out that responsibility.

This tendency to employ all of its powers to gain certain ends seems to be an accepted way of operating in American government, and probably any government. For example, people who are having trouble with the Executive Branch of the government may find themselves getting a sudden audit from the Internal Revenue Service, an audit that has nothing to do with suspected financial irregularity but may be only a form of harrassment. It is not hard to see that this form of harrassment could have infinite variations once the government gained considerable control over such matters as the allocation of newsprint, the location of newspaper plants, the hiring and firing of news personnel, pricing of advertising and other services, and performance in meeting pollution and environmental standards.

#### *Reconsider the Marketplace*

In the changing social climate of the 1970s, it is likely that additional forms of "back door press control" will be developed to supplement the trends discussed in this article. Back door press control, like most efforts of an indirect nature, is very difficult to detect. It usually arises as a hidden component of another proposal that seems socially desirable or reasonable. It seems reasonable, for example, to license professional people in the public interest. It is only upon closer examination that the licensing proposal is seen as an indirect form of control. And it is not always the government that uses this control for its own purposes. In an organization of licensed professionals, the majority can use licensing control as a means of bringing minority dissenters into line.

During the past few years – indeed, during the past few months – it has been made clear that gov-

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ernment officials are not above using underhanded and even criminal methods in getting their way. Yet the problem of American government is not that a certain group of rascals came into office and used their powers for self-serving purposes. The problem is that government already had been given excessive powers and controls over people's lives.

If newsmen are alarmed by the government's growing power to control them they should take a fresh look at the kind of controls that are already mandated for business, industry, and professional groups. They should study the nature of the marketplace for goods and services, which is linked more closely than they care to admit to the marketplace for news and ideas. There really can be no such condition as a completely regulated marketplace for goods and services without a corresponding attempt to control news and ideas. In fact, an effort to permit considerable freedom of the press eventually would become intolerable to those who have the responsibility for establishing order and compliance in other segments of society.

Businessmen who have squirmed under attacks by obviously "anti-business" newsmen should not take pleasure in the rising threats of back door press control. American society has already lost considerable freedom through an attitude of "it-serves-them-right" or "they-brought-this-regulation-on-themselves." It is unfortunate when the fist of tighter governmental control closes on any segment of society. But it is even more unfortunate that newsmen did not understand the nature of government regulation and control. It had to reach them someday, and it came in through the back door that was opened by regulating and controlling others.

IDEAS ON LIBERTY

***John Stuart Mill***

A STATE which dwarfs its men, in order that they may be more docile instruments in its hands — even for beneficial purposes — will find that with small men no great thing can really be accomplished.

*On Liberty*

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LEONARD E. READ

# THE INVISIBLE HAND

**By directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an *invisible* hand to promote an end which was no part of his intention.**

**—*Adam Smith***

FOR YEARS I have quoted this famous line from *The Wealth of Nations*, but have often wondered precisely what Adam Smith meant by "invisible hand." The answer is not to be found in his monumental book. Smith was a moral philosopher, so it is my guess that he referred to the Divine Will, the order-producing factor in the universe. Invisible? Yes! Knowable? To some extent! If what I apprehend of the Divine Will is anywhere near correct, then I am obliged to try once more to explain the correlation between freedom and the remarkable outburst of creative energy experienced by the American people.

If freedom is not seen to be the reason for progress, it may be neglected and abandoned as of no value. When that happens, we are beset by all sorts of authoritarian controls, along with shortages and rationing. Does this not justify my attempt to explain?

The lives of all persons, be they dictocrats or practitioners of the Golden Rule, are identified with self-interest. The differences have to do with how intelligently self-interest is interpreted. The man to whom Adam Smith referred interpreted his self-interest as best served by producing goods or services of the greatest possible value that he might gain the most for himself. In a word, he was minding his own business. He intended nothing more; indeed, like most people then and now, he was utterly unaware of anything more — of consequences beyond his own gain.

However, have a look at the man who minds his own business; for certain, he is not minding anyone else's business. By reason of this fact, no other person is restrained by him. All others, insofar as his actions are concerned, are free men, even though that thought does not occur to him. Just a man



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tending to his own knitting, oblivious of the beneficial over-all effects of such behavior – "led by an invisible hand to promote an end which was no part of his intention."

The end? Clear as crystal: the freedom of everyone to express his uniqueness and seek his own gain! No restraints – none whatsoever – against the release of creative human energy. It is this end and this alone which has accounted for the American miracle.

### *The Power of Attraction*

Adam Smith's man, releasing his own talents and permitting all others to release theirs, acts correctly, ideally. Correct action bears fruits unimaginable in quantity and quality. True, this astounding result is no part of his intention – he intends only his own gain. Further, the freedom which his kind of action assures is beyond the scope of sensory perception; it is not seen with the eyes or heard with the ears. It is in this sense invisible. As in a magnetic field, the forces of attraction are invisible; they cannot be seen or heard; nonetheless, they work. Freedom – its attractive forces likewise invisible – works!

When it is recognized that most people regard as reality only that which comes within the range of their sensory perceptions, it becomes clear why invisible freedom is so rarely correlated with human progress. The progress they observe is credited instead to what they can see or feel or hear: coercive gadgetry such as compulsory unionism, social security, medicare, socialized mail delivery, government education, dilution of the money supply, wage and price controls, rationing and, to top it off, national self-sufficiency, isolationism, call it what you will. Few, indeed, are those who realize that it is the attractive force of invisible freedom that accounts *exclusively* for whatever progress there is or ever will be.

It would be very well if Adam Smith's economic man would persist in his ways – "by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain." He would, in this circumstance, "be led by an invisible hand to promote an end which was no part of his intention." But that man, to whom freedom is invisible, is the very one who, more than likely, is drawn off course, who correlates what is visible to him with the progress he observes. Unwittingly, he joins the interventionist parade, seeking gain not by improving his own industry but by trying to seize the fruits of the industry of others. Blindly, he becomes his own worst enemy. Adam

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Smith, be it noted, spoke of what-ought-to-be, rather than what-is.

Thank heaven, there are two ways of seeing. True, no one can see freedom with his eyes or hear it with his ears. Freedom, in this sense, is invisible. Were this the only way of seeing, the case for freedom would be hopeless. No one would ever correlate progress with men acting freely. All would be lost!

### *Seeing with Insight*

The other way of seeing? *Insight*, with which a few are graced and many others could be.

Insight, rather than the outward, superficial glimpse of things and events, is an inward, behind-the-scenes observation – "the ability to understand and see clearly the inner nature of things." It is achieved, if at all, by reflecting on what one sees when looking under the covers, so to speak, for causal sequences. Perhaps such insights can be attributed to interceptions of the Divine Will. But without resort to mysticism, we do know that seekers after light experience more insights than non-seekers. "Seek and ye shall find," so it was said of old; and it is true today.

However, one does not need to reflect very deeply to see why all progress stems from individuals acting creatively as they freely choose without violating the right of others to do likewise. Merely assess your own life. Is it not obvious that no other could identify your uniqueness, be he acclaimed the wisest who ever lived. Adam Smith comments on this:

> The statesman who should attempt to direct private people in what manner they ought to employ their capitals would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it.

Further, so far as you are concerned, whoever you may be, all insights, flashes of intuition, discoveries, inventions are exclusively personal outcroppings; these enlightenments never have been or can they be the coercive impositions of any other person. Insights are not implants but outgrowths of the inner self.

### *One's Social Duty*

Freedom, while invisible to the eye that only looks outward, is clearly and easily visible to the eye that can and does see within. Freedom undeniably has the case. What is lacking is the insight.

Of course, ever so many people

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in today's world will look down upon Adam Smith's man who "intends only his own gain." They will charge that he is devoid of social consciousness, and so he may be; but not of social behavior. William Graham Summer possessed the insight to reveal this apparent contradiction.

Every man and woman in society has one big duty. That is, to take care of his or her own self. This is a social duty. For, fortunately, the matter stands so that the duty of making the best of one's self individually is not a separate thing from the duty of filling one's place in society, but the two are one, and the latter is accomplished when the former is done.[1]

Freedom is indeed the invisible hand, the magnetic force that draws to the use of each the unique talents of everyone. As a part of this mysterious attractive force which governs the whole universe, it is not a surface thing for outward observation. Further, even those who see "the inner nature of things" do not know precisely *what* it is; they do, however, know *that* it is — and they know of the magic it works. May their tribe increase, for to the bounties of freedom there is no end.

1 William Graham Sumner, *What Social Classes Owe to Each Other* (Caldwell, Idaho: Caxton Printers, 1954), p. 98.

IDEAS ON LIBERTY

### *People Control*

THE NEXT TIME you hear a politician or a neighbor advocating price supports or rent control or some similar subsidy, ask him why he favors people control, and forcing other peaceful persons to do what he wants them to do, and taking money from people who have earned it and giving it to others who haven't.

At that point, however, you had better duck. For the nature of the ambitious politician and the well-intentioned do-gooder is to consider only the "fine objectives" of their plans and to ignore completely the shoddy means used to enforce them. They won't appreciate your calling this to their attention.

DEAN RUSSELL, *"Price Control Is People Control"*

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# A Matter of Self-Responsibility

PAUL L. POIROT

IN "THE GOOD OLD DAYS" of my boyhood on the farm, any fuel shortage we experienced was strictly our own fault. And the procedure to avoid or correct the situation was to get out the ax and crosscut saw, hitch a team, and head for the wood lot. It was no great trick for a couple of teenagers to make it home by nightfall with a cord of wood cut and split to stove size.

Fortunately, our neighbors didn't mind if we sawed a fallen log or cut a crooked tree from our own woods. As long as we were in good health, they were perfectly willing to let us freeze if we didn't want to chop wood. I should hastily add that they were always ready to lend a hand in any case of real need. Otherwise, they generally minded their own business and left ours to us. If there had been a thermostat in our house, we could have turned it to any setting we pleased. That is what I would call self-sufficiency on the energy front, but I'm not so sure it's what the President has in mind for the United States by 1980. Nor would I advocate or vote for a reversion in 1974 to those good old days of each-to-his-own woodpile.

Let me make it perfectly clear that we had an alternative then; we could have purchased a load of coal from the "foreigner" five miles away at the nearest railroad siding. And I'm quite sure we would have availed ourselves of



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that opportunity if ever we had more money than time and enthusiasm for chopping wood. We weren't being self-subsistent as a matter of principle – just lack of cash. More accurately, we didn't have anything we were willing to offer that the coal dealer was willing to accept for a load of coal; so, we cut wood, if and when we had nothing better to do.

Most of us today have something "better to do," which explains why we buy fuel in the form of oil or gas or electricity or whatever instead of chopping wood. We specialize, and we trade with "foreigners," whether they be the neighbors next door, or the merchants in town, or the mail order houses in Chicago, or the shippers in London, or the suppliers of "black gold" in Saudi Arabia. We're not exactly self-sufficient any more, not with respect to fuel or to hardly anything else we depend upon for our regular use. But that is not really the issue. The question is whether we are *self-responsible.* Is it my own problem if I want fuel, or is it the President's problem?

There are stories about a couple of American Presidents who were pretty good at chopping wood. But I haven't heard if one has done it lately. So, I'm beginning to think my fuel problem is a bit too important to turn over to the President. I'll grind my ax and sharpen my saw, just in case I'm driven all the way back to self-subsistence.

### *What One Can Do to Try to Stop the Meddling*

Hopefully, however, the market may not be closed entirely. Occasionally, perhaps, a friendly "foreigner" may be found willing to part with a bucket of coal, a tankful of gas or fuel oil, an hour or two of electrical current. As a potential customer, I can do my best not to antagonize any potential supplier. If I think his price is right, I can buy from him, which should make both of us happy. Otherwise, I can leave him alone – and cut wood if I've nothing better to do.

Beyond this, I can urge the President and everyone else not to antagonize my potential supplier. If I want to pay his price, I wish others would not try to forcibly take from him what I've freely paid – not even the part that might have been pure profit for him. Without that part, he isn't going to be much of a future supplier for me.

More importantly, I can respectfully urge those meddlers not to set arbitrary price ceilings for me or my potential suppliers. For in that case, how could I possibly convince any supplier that he should be trying harder to increase the

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supply? After all, if there's a shortage, lack of supply must be part of the problem. And the other part would be excessive demand, for which there is no better cure than higher price. So, price controls can only be described as one of the causes, certainly not a way to alleviate a shortage.

### Good Neighbors

Getting back to the wood lot, I cannot recall ever having had our load hijacked on the way home by needy neighbors – or even by "foreigners." No one ever forced us to deliver a fourth or a third or a half of each load to the White House for distribution among the poor. Hardly anyone was so poor that he couldn't fetch his own wood. But if he just couldn't make it, "Uncle Carl" or some other neighbor generally attended to the matter without bothering to call a committee meeting or make a Federal case of it.

In their "retirement" years, my parents rented a small farm house and a plot of "truck patch" or garden. This was part of a larger farm which boasted an oil well which, in turn, yielded a supply of natural gas that had been tapped as a source of heat and energy for the house. To the best of my knowledge, not once did the neighbors ever think of trying to tell the owner what to do with the gas or how much oil he could pump. In fact, I doubt very much that they helped drill the well in the first place. They simply minded their own business – cut their own wood. It's not easy to find such "careless" neighbors any more.

### I Cut the Tree

Recently, I confess, I chopped down our cherry tree. The poor thing had died. Somewhere in the neighborhood I suspect there lies a half-signed petition exhorting me to "cease and desist from destroying *our* natural environment." Natural, my foot! You wouldn't believe the hours of tender loving care the previous owner and I spent over a period of 30 years planting and feeding and spraying and pruning that sweet cherry in return for a week's peek at springtime blossoms and an annual feast for the starlings at harvest time. Little do those potential petitioners know how often I've plotted – fruitlessly – to murder a starling.

I've often wondered whatever possessed George Washington to chop down a cherry tree; but, if he did such a thing, I'm willing to forgive him. I doubt that the matter merits Congressional investigation. I don't believe for a minute that he was trying to take care of a national fuel shortage. But, if he were, and if it wasn't

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his own cherry tree, perhaps there would have been reasonable grounds for impeachment.

I believe it is not the President's place to tell me I have a fuel shortage, or to solve it for me, if I do. I'd rather he leave me alone, to chop wood if I choose, or to trade if I can with whomever is willing and able to supply fuel. The President's job is to stop me if I lie or cheat or steal or defraud anyone to get what I want from others, and to stop others who might try such coercive tactics against me. But let his job end there, leaving all of us free to compete in the open market for the goods and services we want.

### *Closing the Market*

When the President announces a goal of national self-sufficiency (independence) by 1980, he in effect is declaring war against the citizens of the U.S., implying that he intends to close the market at the national boundary lines as of that date. But he's only concerned about oil, you say? And if that's true, why would it be so? Is fuel more important than various minerals, foodstuffs, and numerous other items we now import? And what is it we are not to be allowed to export once we are not allowed to import oil? The President ought to know that imports are paid for with exports – and vice versa – just as in the case of voluntary exchange between any willing buyer and any willing seller, wherever each may live.

Oh, I see, payment would be made with money instead of goods! And what kind of money would that be? Money the seller is pleased to accept in trade? Or a piece of irredeemable paper that has been declared "legal tender"?

What the President has not explained to the American people is that our fuel shortage, like the recent grain shortage and meat shortage and other "failures of the market," is really a monetary problem. When the U.S. gold window was closed to foreigners on August 15, 1971, when they were supposed to accept the irredeemable U. S. paper dollar as though it were good as gold, the American people suddenly were faced with a shortage of foreign suppliers. They'd rather have wheat or soybeans – or any commodity – rather than "paper gold." Nor is it likely that any Secretary of Foreign Affairs is magician enough to restart the flow of "black gold" from the Mid-East if he has nothing better to offer in exchange than U. S. "legal tender."

The sad truth is that foreigners cannot be bound by U. S. declarations of "legal tender." They don't have to supply goods and services to us at our ceiling prices in ex-

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change for paper dollars. Unless we are willing and able to give in return as good as we get from them, then we need not wait until 1980 to be self-sufficient and independent. We are already. And isn't it great to thus be allowed to queue up and wait for a supplier who's been excluded from the market by our insistence on paying him with bad money?

Nor does such closure of the market occur only at national borders. To the extent that domestic price controls are imposed and enforced, they can make "foreigners" out of all potential suppliers of goods and services. No one is going to fill your gas tank voluntarily in exchange for unwanted "legal tender" – as devalued by him as it is by you, because he can't buy much with it.

### *A Chilling Prospect*

So, now we all are in a position to know how foolish it was of us over the past generation and longer to ask the government to solve our money shortages for us. The paper promises are irredeemable. If we persist in demanding that government solve our fuel shortage, the likelihood that we can keep warm by burning our ration coupons is a chilling prospect. Furthermore, the energy crisis is merely one of an endless list of shortages of goods and services that must inevitably grow out of government manipulation of money and closure of the market. Since government is noncreative and nonproductive, it can only "solve" one shortage by causing one or more others; it can only give to one person or group what it first takes from others; it can only intervene in international disputes in favor of one of the claimants by antagonizing the others; it can dispense as foreign aid only what it withdraws from the domestic market; it can only close the market to foreign suppliers by simultaneously closing it in like amount to domestic consumers.

If the government is to maintain a fair field for all competitors – producers as well as consumers – it must refrain from granting privileges to any of them or playing favorites in any way. And if there is any hint of a shortage or surplus, the best the government can do is to get out of the way, stop its meddling, and leave the matter to willing buyers and sellers in the open market. If the government will let us, and if we will be self-responsible, there is no reason at all why anyone ever again would have to chop his own wood except for fun and recreation.

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# FASCISM

WHO AND WHAT IS A FASCIST? The word is used pejoratively, with as little precise meaning as is attached to the adjective "Red" by many well-meaning people who can't distinguish between a Communist and an old-fashioned libertarian or anti-Statist. The confusion about Fascism is the enemy of good foreign policy; it is also something that stands in the way of recognizing the many domestic weaknesses of democracy that prepare the way for the coming of a Caesar, or a Man on Horseback. Because of the practically universal obfuscation, any even half-way successful attempt to reach a true definition of Fascism is welcome.

In an ambitious book called *Fascism* (The Free Press $7.95), Paul Hayes, a Fellow of Keble College, Oxford, has made a strong effort to uncover the roots of the Twentieth Century's second most malignant political phenomenon. (I say "second" because I believe Communism is an even bigger evil.) Professor Hayes struggles nobly with his problem, but he doesn't quite overcome the many difficulties that inhere in the attempt to distinguish between various shades of authoritarianism, Nasserism, tribalism, military dictatorship, royal absolutism, or whatever. Nor is he quite as clear about the economic origins of Fascism as the late John T. Flynn, whose *As We Go Marching* has just been reissued in paperback by Free Life Editions, with a preface by Ronald Radosh ($3.45).

Professor Hayes realizes at the start that he is trying to get a grip on a most baffling problem. Mussolini's Italy was surely a Fascist state. But it never really made an issue of race, even though, at Hitler's proddings, it did do official obeisance to anti-Semitism during the short-lived period of the Rome-Berlin Axis. German Nazism was Fascism on all of Professor Hayes's counts, accepting the myth of racial su-



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periority along with the trappings of militarism, national socialism, economic corporativism, and worship of the leadership principle. But how does the Nazi form of totalitarianism differ from the Soviet Communist version? Bolshevism, in practice, has discriminated against Jews, not to mention Ukrainians, or Baltics, or Moslems when they exhibit too much awareness of their own religious heritage. The Soviets subscribe to the idea of the party elite, they "plan" industry, they are imperialist, and they suppress free trade unions. Nevertheless, Professor Hayes, even as John T. Flynn before him, distinguishes between Fascism and Communism.

The difference would seem to reside in contrasting attitudes toward the concept of ownership and in the divergent class origins of the two forms of totalitarianism. Fascism permits private property, subject to control of its uses; it also tolerates the existence of more classes than the proletariat. So there is a reason why neither Professor Hayes nor John T. Flynn chose to deal with the Marxist varieties of the totalitarian State.

### *Not Much Difference*

For myself, I don't see very much to choose between Brown and Red Bolshevisms. Fascism made use of the bourgeoisie and the private corporation, but the Lenin who approved the Nepmen private farmers in the days of the New Economic Policy was not a pure Communist, and Brezhnev is even now contemplating making deals with the capitalist Occidental Oil Company. On the other hand, as Professor Hayes recognizes, both German and Italian Fascism had their Marxist forebears. Mussolini had been a socialist, and Hitler depended on crossovers from the German Communist and Social Democratic parties to swell his ranks in the late Twenties and early Thirties. There are good reasons for regarding Fascism and Communism as variants of the same evil thing that denies the whole theory of inalienable individual rights.

Professor Hayes does a masterful job in isolating the various intellectual currents of the Nineteenth Century that coalesced into Fascist theory. There were the racial supremacists from Count Gobineau to Houston Stewart Chamberlain. There were the Hegelians who exalted the idea of the State. There were the militarists and the extreme nationalists. There were the theoreticians of economic autarchy, from List and Rodbertus and Dühring in Germany to Cunningham and George Bernard Shaw in Britain. There were the

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pre-Civil War American protectionists who encouraged German protectionists. There were the "rationalizers" who thought in terms of big cartels subject to national planning and the coercion of international trade by currency controls.

### *Setting the Stage*

The Nineteenth Century thinkers who opposed the Adam Smith and Richard Cobden theories of unfettered competition were not Fascists, but they all combined to disseminate the Statist philosophy that was necessary for the triumphs of Mussolini and Hitler. And there was, of course, Nietzsche and his "will to power" that exalted strength for its own sake, even the strength that violated the laws of any given community.

Before we are through with Professor Hayes's book we have had the equivalent of a good semester's immersion in anti-libertarian thought. But we haven't quite defined Fascism. Is Franco's Spain a Fascist country? Paul Hayes, noting that Franco kept his country out of World War II, decides that Spain is simply a counter-revolutionary country. Franco used the Fascists in order to preserve a traditional Spanish conservatism.

By making an exception of Spain, Professor Hayes seems to be saying that authoritarian countries which refrain from international intrigue and expansionism are not Fascist. But then he confuses the issue by seeing Argentinian "peronismo" as a form of Fascism. Since Peron had no designs on his neighbors, how does he differ from Franco? The difference could be in Peron's mobilization of labor to supply the bulk support of his regime. But Professor Hayes introduces a second note of confusion when he says that the "European fascist model was based on massive middle- and upper-class support together with a sizeable minority from the working class." So it can't be a major reliance on labor that distinguishes the true from the false Fascism.

Not that it makes much difference anyway: oppression is oppression no matter how the local details differ.

### *No One Really Wants It*

What makes John T. Flynn's thirty-year-old *As We Go Marching* a really superior book is Flynn's way of showing that Fascism can come to a country even though nobody really wants it. Italy's liberal politicians created Fascism by spending far more than could be recouped by taxation and then plunging their country into a frustrating war.

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Mussolini was simply the opportunist receiver of a ruined nation. Germany's leftist and center parties made disastrous economic decisions, couldn't cope with the problems created by the fantastic inflation, and failed to control the militarists. Looking at the tremendous growth of government debt and the ballooning of military expenditures in the U.S., Flynn warned us in 1944 that we could become a Fascist country by merely adding a war-minded dictatorship to New Deal-type economic interventionism. It could happen without anti-Semitism and with all our banners proclaiming that "Progressivism" had won its greatest victory.

▶ EDUCATION IN A FREE SOCIETY, Edited by Anne Husted Burleigh (Indianapolis: Liberty Fund, Inc., 3520 Washington Blvd., 1973) 182 pp. $3.50.

*Reviewed by Thomas Johnson*

OF ALL the activities in which men engage, education – development of the human mind – is the most important. What sort of education should exist in a free society? In an attempt to answer this question as it pertains to higher education, two directors of Liberty Fund, Benjamin A. Rogge and Pierre F. Goodrich, wrote a position paper entitled "Education in a Free Society." Four other well-known educators and writers (Gottfried Dietze, Russell Kirk, Henry Manne, and Stephen Tonsor) also presented papers at a seminar held in Indianapolis in 1971. Present were other educators and writers who discussed the ideas put forth by these men. The papers are here reprinted, and the discussion summarized. This makes for provocative, interesting reading.

Rogge and Goodrich take a strong stand on behalf of the need for a free enterprise approach to education. They recognize that "the educational arrangements currently in use in this country are grossly inefficient, inequitable, contrary to human rights, contrary to human nature, and destructive of the society of free and responsible men." They present their idea of what an institution of higher learning should be like in a free society, which includes such matters as the selection of faculty members according to their promise as teachers, the income of faculty based on "their effectiveness in serving the purposes of the college," decisions of policy to be made by the board and carried out by the administrators, the elimination of tests or exams (except those voluntarily requested by the student), grades and de-

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grees, and all financing from private funds – preferably the college would be a profit-making concern.

The other participants, however, do not envision a radical restructuring of our educational institutions. They accept the idea of a grade-giving, degree-granting university, while urging reforms designed to revitalize the institution, restore proper authority to trustees and administration, and so on. Little do they realize that the scholastic environment by its nature subordinates the quest for truth to the student's desire for grades, degrees, and certification. The system fosters obsequiousness, hypocrisy and mental lethargy.

Not even Rogge and Goodrich realize that in a free society there would and should exist only education businesses which would offer their courses of instruction to any paying customer, regardless of age, who wished to purchase this instruction. In a free society only the market demands would determine what is taught, how it is taught, and to whom it is taught, and the *individual* would possess full freedom of choice in determining the development of his or her own mind. A business setting is the only healthy, and *free*, environment in which proper mental development can occur.

▶ LABOR LEGISLATION FROM AN ECONOMIC POINT OF VIEW by Gustavo R. Velasco (3520 Washington Blvd., Indianapolis, Indiana: Liberty Fund, 1973) 65 pp., $3.00.

*Reviewed by Paul L. Poirot*

THAT BENJAMIN A. ROGGE would edit and write an introduction should be evidence enough of quality in a book on *Labor Legislation from an Economic Point of View;* but its value is doubly assured when the author is Professor Gustavo R. Velasco of Mexico City, lawyer, banker, author, teacher, and internationally recognized advocate of freedom. As Rogge points out, "He has long stood for free markets and free men in a nation where the ruling party has been formally socialist and in a world where the ruling practice has been somewhere between the interventionist and the socialist."

A clue to Professor Velasco's purpose in this monograph comes in his opinion that instead of calling our age "the era of socialism" it would be more nearly correct to name it "the era of labor or of laborism." Workers, of course, are interested in better pay, more free time, better working conditions, and more economic security. And the question is whether or not these objectives are likely to be

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achieved through the collective action of labor unions and government intervention.

To the arguments that "labor is not a commodity" and that workers are objects of "exploitation" by capitalists, Velasco answers by explaining the functioning of the market and concludes that "wage rates depend finally on the value that the wage earner's fellow men ascribe to his services and achievement."

So, what happens when government intervenes directly to force wages above market rates, or indirectly by delegating to labor unions the privilege of using coercion? What happens is that the least productive of the workers – or those with the least political clout – face unemployment; and consumers in general suffer the effects of relatively lower productivity. This is the inevitable consequence whenever force is used to prevent cooperation between willing buyers and willing sellers of any scarce and valuable resource. Or conversely, as Velasco says, "the only way of co-ordinating production to the highly variable conditions that result from the perpetually fluctuating desires and opinions of consumers, from scientific and technological progress, from the phenomena of nature, and from a hundred more circumstances, consists in not hampering the movements of the market."

Once the prolabor policies of government result in market distortions, the victims of such intervention are prone to demand cures which mean further intervention. The makers of laws which cause unemployment are pressured to create spending power – money – to subsidize idled workers back into the spending stream, if not into the productive process. The political actions which grant special privileges to labor unions are actions which also promote inflation.

Professor Velasco admirably summarizes in this brief volume the unforeseen disastrous consequences of prolabor policies, and offers an extensive bibliography for those who would explore the issues at greater depth.

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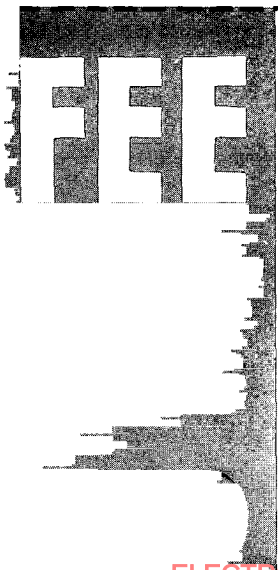


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